VC- D – 11/09/2015- Cost Accountancy – SYBAF – Sem III – 75 Marks – 2 Hrs – 320

Q – 1 A] Select correct alternative and rewrite the sentence (Any 08) (08)

1. Batch costing is a form of ____________ costing
   i) Process
   ii) Continuous process
   iii) Specific order
   iv) Job.
2. Normal loss is equal to
   a) Normal Output – Actual Output
   b) Actual Output – Normal Output
   c) Input x % of Normal Loss
   d) None of the above
3. Unit cost is equal to-
   a) Normal cost/Normal Output
   b) Total Cost/Normal Output
   c) Normal Cost/Total Output
   d) Total cost/Total Output
4. Abnormal Gains are equal to
   a) Actual Output – Normal Output
   b) Normal Output – Actual output
   c) Actual Output – Input
   d) Input - Actual Output
5. Contract costing usually applicable in
   a) Constructional Works
   b) Textile mills
   c) Cement Industries
   d) Chemical Industries
6. Retention Money is equal to
   a) Work certified Less Work uncertified
   b) Contract price Less Work certified
   c) Work certified Less Payment received by contractor
   d) None of the above.
7. Each job has a ____________ prepared for it that bears the job number which is used to collect all cost data related job.
   i) Job time sheet ii) job cost card
   iii) Job ticket iv) job account
8. Contract costing is a variant of ____________ costing.
   a) Job
   b) Process
   c) Unit
9. BatchWork certified is valued at
   a) Cost price
   b) Market price
   c) Cost or market price Whichever is less.
   d) Estimated price
10. The ____________ costing is used in printing industry.
   i) Batch

ii) Job
iii) Output
iv) Operation .

B] State Whether the following statement is True / False and rewrite the sentence (Any 7)(07)

1. The main purpose of job costing is to determine the profit made on each job.
2. The overhead rate should be used for accumulating costs for accounting purposes and not for estimating the cost of job.
3. The sale value of scrap, is always more than the cost of production, leading to abnormal gains.
4. Normal Loss is treated as normal cost of production.
5. The actual sale of units of scrap representing normal loss is credited to the Profit & Loss A/c.
6. The sale value of the units of abnormal loss is credited to the Process A/c.
7. Cost of normal wastage of materials is debited to the Contract Account/
8. Cost of abnormal wastage of materials in a contract is transferred to the Costing Profit & Loss Account.
9. In contract costing, the percentage of price not paid by the contractee is known as margin money.
10. Invisible waste has no sale value.

Q – 2 A pen Manufacturing Company is producing two types of pens 'Reynolds' and 'Luxur'. The manufacturing costs for the year ended 31st March, 2009 were: (15)

Particulars	Rs.
Direct Materials	2,00,000
Direct Wages	1,12,000
Production overhead	48,000
	3,60,000

It is ascertained that:

i) Direct Materials in 'Reynolds' type per pen cost twice as much as that of 'Luxur' type.

ii) Direct Wages 'Luxur' types per pen were 60% of those 'Reynolds' type.

iii) Production overhead were 60 paisa per pen for both types.

iv) Administration overhead for each type was 200 percent of direct labours

v) Selling cost was 50 paisa per pen for both the type.

vi) Production during the year was:

'Reynolds' type – 20,000 pens of which 18,000 were sold.

'Luxur' type – 60,000 pens of which 50,000 were sold.

vii) Selling price were Rs.14 per pen of 'Reynolds' type and Rs. 10 per pen of 'Luxur' type.

Prepare a cost statement showing the Total cost per pen of each type and the profit on each type of pen.

OR

Q – 2 The net profit of a company amounted to Rs.60,412 for the year ending 31st December, 2003 as per its financial records. The Cost records, revealed a different figure. A scrutiny of the two sets of accounts disclosed the following facts: (15)

(a) Works overhead recovered in Cost Accounts during the period amounted to Rs.28,450 while the actual amount of these expenses was Rs.21,390 only.

(b) Actual office expenses for the period were Rs.19,850, whereas the office overhead recovered in Cost Accounts amounted to Rs.14,500.

(c) The annual rental value of premises owned by the company amounting to Rs.10,800 was charged in Cost Accounts but not in Financial Accounts.

(d) Selling and distribution expenses for the period amounting to Rs.16,490 were excluded from costing records.

(e) Excess depreciation charged in Cost Accounts Rs.2,400.

(f) Expenses not included in Cost Accounts and shown in Financial Accounts:

Interest on Loan	1,600
Bank Charges	150
Director's fees	750
Penalty due to late completion of contract	2,500

(g) Gains during the year not included in Cost Accounts:

Transfer fees	45
Profit on sale of investment	4,250
Interest on investment	9,450

(h) The following appropriation had been made before arriving at the profit figure of Rs.60,412, shown above:

Transfer to Dividend Equalisation Fund	10,500
Transfer to Income Tax Reserve	6,400
Transfer to Debenture Redemption Fund	9,000

(i) A sum of Rs.10,000 given as donation to Prime Minister's Relief Fund had been charged to Profit and Loss Account as Business expenses.

Prepare a Reconciliation Statement and find the amount of net profit/loss as per the costing records.

Q – 3 A product passes through three processes. The following cost data have been extracted from the books of manufacturing company.

Particulars	Total (Rs.)	Process I	Process II	Process III
Materials	1,50,840	52,000	39,600	59,240
Direct wages	1,80,000	40,000	60,000	80,000
Production overheads	1,80,000	-	-	-

10,000 units at Rs.6/- each were introduced in process I. There was no stock of material or work in progress at the beginning or at the end. The output of each process passes directly to the next process and finally to the finished stock. Production overheads is recovered at 100% of Direct Wages. The following additional data is obtained:

Process	Output Unit	Percentage of Normal Loss to input	Value of Scrap per unit
I	9,500	5%	4
II	8,400	10%	8
III	7,500	15%	10

Prepare Process Account and Abnormal Loss Account/Gain Account and Normal Loss Account.

OR

Q-3 . The product of a company passes through three direct processes, called respectively A, B and C. From the past experience it is ascertained that wastage incurred in each process is as under.

(15)

Process A 2%; Process B 5%; Process C 20%.

The percentage of wastage is computed on the number of units entering the process concerned. The wastage of each process possesses a scrap value.

The wastages of Processes A and B is sold at Rs. 50 per 100 units and that of Process C at Rs. 0.75 per unit.

Following information was obtained for the month of March 2004:-

20,000 units of crude materials were introduced in Process 'A' at the cost of Rs. 8,000.

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Materials Consumed	4,000	1,500	1,000
Direct Labour	6,000	4,000	3,000
Manufacturing Expenses	1,800	3,500	1,000
Output in Units	19,500	21,000	15,900
Finished Product Stock			
1st March 2002	2,000	3,000	5,000
31st March 2002	1,500	4,000	?

Stock valuation on 1st march 2004: per unit Rs. 1, Rs. 1.50 , Rs. 2.00 respectively in Process A,B and C. stocks on 31st March are to be valued as per valuation as on 1st March 2004. Draw process accounts A, B and C and process stock accounts of process A,B and C.

Q – 4 Siddesh Construction company has undertaken three contract during the year and the following particulars are available as on 31-12-2004. (15)

Particulars	Contract A Rs.	Contract B Rs.	Contract C Rs.
Contract price	10,00,000	25,00,000	7,50,000
Material issued to contract	1,65,000	2,24,500	1,89,600
Labour	1,02,000	1,26,500	1,75,500
Sub contract charges	72,000	65,900	28,500
Supervision Charges	12,000	18,000	15,000
Architect Fees	10,000	15,000	25,000
Insurance charges	3,000	6,100	7,400
Work certified	4,00,000	5,00,000	5,00.000
Work uncertified	35,000	40,000	25,000
Amount received from contractee	3,20,000	4,50,000	3,75.000
Closing stock of material	9,000	10,000	20,000

All contract were commenced during the current year. Total Depreciation on plants amounted to Rs. 11,200 and allocate the same to all contract in the ratio of work certified.

Prepare Contract Accounts. Show the calculation of profit transferred to Profit and Loss Account.

OR

Q – 4 The following information relates to a building contract undertaken by M/s. Asmit Ltd. for Rs. 10, 00,000 and for which 80% of the value of work certified by the architect is being paid by the contractee. (15)

Particulars	I Year	II Year	III Year
Materials issued	1,20,000	1,45,000	84,000
Direct Wages	1,10,000	1,55,000	1,10,000
Direct Expenses	5,000	17,000	6,000
Indirect Expenses	2,000	2,600	500
Work Certified	2,35,000	7,50,000	10,00,000
Work Uncertified	3,000	8,000	—
Plant issued	14,000	—	—
Materials at site	2,000	5,000	8,000

The value of plant at the end of I, II and III year was RS. 11,200, Rs. 7,000, Rs. 3000 respectively. Prepare Contract Account for these three years.

Q – 5 a] Explain advantages of Process costing. (08)

b] Explain the needs of reconciliation statement. (07)

OR

Q – 5 Short notes (Any 3) (15)

1. Format of Cost sheet
2. Contract costing
3. Work certified and retention money
4. Profit treatment for contract account
5. Need of cost sheet