: All question are compulsory carrying 15 Marks each

Q – 1 A] Select correct alternative and rewrite the sentence (Any 8) (08)

1. Cost which is relevant for decision-making is
   a. Relevant cost b. Past cost c. Opportunity cost
2. Variable cost is also known as
   a. Product cost b. Period cost c. Indirect cost
3. Primary packing is a
   a. Direct materials b. Indirect materials c. Overheads
4. Dividend paid on share capital is
   a. Debited to costing profit & loss a/c b. Credited to costing profit & loss a/c
   c. Debited to financial profit & loss a/c
5. Over absorption of overheads in costing
   a. Decreases costing profit b. Increases financial profit c. Both i & ii
6. The work done & certified by the architect is
   a. Work completed b. Work uncertified c. Work certified
7. Sale of plant from site is
   a. Credited to contract a/c b. Debited to Profit and loss a/c
   c. All of above
8. Abnormal gain arises due to
   a. Increase in efficiency b. Increase in cost c. Increase in loss
9. Abnormal gain is valued at
   a. Cost of input b. Cost of output c. Standard cost
10. Cost of output is calculated at each process
    a. Everyday b. Periodically c. Weekly

B] State whether the following statement is TRUE / FALSE and rewrite the sentence (Any 07) (07)

1. Prime cost includes factory overheads.
2. Lubricants are direct materials.
3. Contract price is equal to work certified.
4. Work certified is a part of W.I.P.
5. No. separate a/c is maintained for each process.
6. Normal loss a/c is debited to process a/c.
7. Abnormal loss is non controllable.
8. Overvaluation of closing stock in financial a/c increases profit.
9. Contract costing is a unit costing.
10. Cost sheet is prepared to determine the cost of product manufactured.

Q – 2 M/s ABC shoes co. manufactures 2 types of shoes A and B. Production costs for the year ended 31st march,2015 were: (15)

Direct material	Rs 15,00,000
Direct wages	Rs 8,40,000
Production Overhead	Rs 3,60,000
	Rs 27,00,000

There was no work in progress at the beginning or at the end of year. It is ascertained that:

a) Direct material in type a shoes consists twice s much as that in type B shoes.
b) The direct wages for type B shoes were 60% of those of type A shoes.
c) Production overhead was the same per pair of A and B type.
d) Administration overhead for each type was 150% of direct wages.
e) Selling cost was Rs 1.50 per pair.
f) Production during the year was: Type A 40,000 pairs of which 36,000 were sold.
Type B 1,20,000 pairs of which 1,00,000 were sold.
g) Selling price was Rs 44 for Type A and Rs 28 For the Type B per pair.
Prepare a statement showing cost and profit.

OR

Q – 2 From the following figure prepare a Reconciliation statement: (15)

	Rs
Net loss as per financial records	2,08,045
Net loss as per costing records	1,72,400
Works overhead under-recovered in costing	3,120
Administrative overhead recovered in excess	1,700
Depreciation charged in financial records	11,200
Depreciation recovered in costing	12,500
Interest received not included in costing	8,000
Obsolescene loss charged in financial records	5,700
Income –tax provided in financial records	40,300
Bank interest credited in financial books	750
Stores adjustments (credit financial books)	475
Value of opening stock in:	
Cost accounts	52,600
Financial accounts	54,000
Value of closing stock in:	
Cost accounts	52,000
Financial accounts	49,600
Interest charged in cost accounts but not in financial accounts	6,000
Preliminary expenses written off in financial accounts	800
Provision for doubtful debts in financial accounts	150

Q – 3 Profit and Loss account of Chetan Ltd. for the year ended 31.12.2014 was as under: (15)

Particulars	Rs.	Particulars	Rs.
To Office Expenses	39,200	By Gross Profit	60,950
To Selling Expenses	23,000	By Interest on Deposit	2,500
To Loss on Sale of Machinery	1,250	By Dividend	3,450
To Depreciation on Machinery	1,800	By Net Loss	1,850
To Depreciation on Building	2,300		
To Debenture Discount	400		

To Preliminary Expenses	800		
	68,750		68,750

As compared to Cost Account, Office indirect expenses are 12% more in Financial accounts while Selling indirect expenses are 8% less.

Depreciation on machinery was over-estimated by Rs.350, while depreciation on building was under-estimated by Rs.150.

Prepare (1) Statement of Cost and Profit/Loss and (2) Statement showing reconciliation of Profit or loss of Cost Accounts with that of Financial Accounts.

OR

Q – 3 The following is the summary of the entries in a Contract Ledger as on 31st December, 2015 in respect of Contract No. 007: (15)

Particulars	Rs.
Materials (Direct)	68,00,000
Materials (from Stores)	52,00,000
Wages	42,00,000
Direct Expenses	56,40,000
Establishment charges	6,60,000
Plant	80,00,000
Sale of Scrap	40,000
Sub-contract cost	20,00,000
Contract Price	5,00,00,000

You are given the following information:

(1) Accruals on 31-12-2015 are: Wages Rs. 1,60,000 and Direct Expenses Rs. 2,00,000

(2) Depreciation on plant up to 31-12-2015 is Rs. 10,60,000

(3) Included in the above summary of abstract are wages Rs. 2,00,000 and other expenses Rs. 3,00,000 since certification. The value of the material used since certification is Rs. 4,00,000.

(4) Materials on site on 31-12-2015 cost Rs. 2,00,000

(5) Work certified was Rs. 3,00,00,000.

(6) Cash received is 80 % of work certified

Prepare Contract Account No. 007 and show the profit or loss should be taken into profit and loss account for the year 31st December, 2015.

Q – 4 Product 'A' is obtained after it is processed through process X, Y and Z. The following cost information is available for the month ended 31st March, 2015. (15)

Particulars	Processes X	Processes Y	Processes Z
Number of Units introduced in the process	10,000	-	-
Rate per unit of units introduced (Rs.)	04		-
Cost of Material	52,000	4,000	20,500
Direct Wages	45,000	73,600	28,000
Production Overheads	45,000	73,600	28,000
Normal Loss (% on units introduced in each process i.e. input)	10%	20%	25%
Value of Scrap per unit	02	04	05
Outputs in units	9000	6800	5400

There is no stock in any process.
You are required to prepare the Process Accounts.

OR

Q – 4 The product of the company passes through three process A, B and C. The normal loss at Process A – 2 %, Process B – 5 %, Process C – 10 %. The normal loss is sold as a scrap. Scrap value is Process A and B Rs. 1 per unit and Process C Rs. 4 per unit. In July 2015 company introduced 2,000 units of Raw material is introduced in process A account at a cost of Rs.8 per unit. Further details for month of July 2015 are as follows. (15)

	Process A Rs.	Process B Rs.	Process C Rs.
Material Consumed	8,000	3,000	2,000
Direct Labour	12,000	8,000	6,000
Works Expenses	2,000	1,000	3,000

	Process A Units	Process B Units	Process C Units
Output	1,950	1,925	1,590
Stock : July 1	200	300	500
Stock : July 31	150	400	----
Stock Valuation on July 1 per unit	Rs. 19	Rs.17	Rs.36.5

Stock on 31st July, 2015 are to be valued at cost as shown by months production accounts. Prepare process accounts.

Q – 5 A] Explain the Features of Process Accounts in Detail (08)

B] Explain the Need of Reconciliation statement (07)

OR

Q – 5 Short Notes (Any 3) (15)

1. Treatment of Profit in contract account
2. Classification of cost
3. Importance of Cost Sheet
4. Work certified and Retention money
5. Joint process and By-product

—— The End ——