Q.P. Code :20856

[Time: 2:30 Hours] **[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All Questions carry 15 marks.
2. Figures to the right indicate full marks.
3. Use simple calculator
4. Working should form part of answer

Q.1 A) Write the following sentences, filling up the blanks with suitable words. (Any Eight, 1 Mark each) 08

i) Cost of primary packing material is a part of ----------------.
(direct material/ selling expenses)

ii) If works cost is Rs 100,000 and Factory overheads is Rs 10,000 then the prime cost is Rs----------.
(110,000/90,000)

iii) If cost of sales is Rs 80,000 and Profit is 20% on sales then amount of sales is Rs--------
(1,00,000/96,000)

iv) Interest paid on loan appears only in------------- account.
(cost account/ financial account)

v) Notional remuneration to owner appears only in ------------- account.
(cost account/ profit and loss account) 07

vi) The percentage of work certified to contract price is up to 25% the portion of notional profit transferred to profit and loss account is ------------.
(Nil / 2/3)

vii) Cost of material lost or destroyed is ---------------- to contract account.
(debited/ credited)

viii) Retention money = Value of work certified - -------------.
(cash received / contract price)

ix) Abnormal loss = Normal Output - --------------.
(actual output/ total output)

x) The sale value of scrap is ----------- to process account.
(debited/ credited)

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B) Write the following sentences stating whether these are true of false (Any Seven 1 Mark each)

i) Costing system helps in measuring profits
ii) Freight on raw materials purchased is an indirect cost
iii) The cost which remains unaffected even though there is change in the level of output is called as direct cost.
iv) A cost sheet and income statement is one and the same.
v) Income tax paid is an example of costing expense
vi) Notional rent of self-owned factory is an example of financial expenses.
vii) Material at site at the end of the year is debited to contract account
viii) Contract costing is useful for a Flyover project
ix) Normally the output of first process becomes input of third process
x) Normal losses are avoidable losses.

Q.2 Following information for the year ending 31st March 2016 is taken from the books of Abby Ltd which manufactures cycle: 15

Particulars	Rs
Direct Materials consumed	7,50,000
Direct wages	4,50,000
Direct expenses	3,00,000
Indirect materials consumed	35,000
Depreciation on machinery	26,500
Indirect wages	61,500
Technical director's fees	17,500
Other Factory exp.	2,34,500
Commission to salesmen	1,58,500
Office Staff Salaries	1,85,000
Audit fees	22,000
Showroom expenses	1,44,700
Other Administrative exp.	1,68,000
Carriage Outwards	31,700
Advertisements	1,15,100
Preliminary exp. Written off.	22,500
Provision for tax	1,50,000
Sales	30,00,000

During the year ending 31st March, 2016 1500 cycles were produced and sold
Following estimates have been made for the year ended 31st March, 2017

a) Production and sale of cycles will be doubled.
b) Direct materials cost per unit will rise by 50%.
c) Direct wages per unit will increase by 25%

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d) Direct expenses per unit will be in the same proportion to direct wages as in the previous year.
e) Total factory overheads will be in the same proportion to prime cost total Administrative overheads in the same proportion to works cost and total selling and distribution overheads in the same proportion to cost of production as in the previous year.
f) The management desires to charge profit on sales price in the same proportion as in the previous year.

You are required to prepare

a) Cost sheet for the year ending 31st March 2016 showing total cost and cost per unit and also total profit and per unit profit.
b) Estimated cost sheet showing total cost and cost per unit for the year ending 31st March 2017 with project selling price and profit.

OR

Q.2 Bhavna Ltd's Trading and Profit and Loss Account is as follows: 15

Particular	Rs.	Particular	Rs.
Purchase 37,815		Sales 75,000 units @ Rs 1.50 each	112500
Less: closing stock 6,120	31,695	Profit on sales of machinery	3900
Wages (Direct)	15,750		
Working expenses	18,195		
Selling expenses	10,650		
Administration expenses	8,010		
Depreciation	1,650		
Net profit	30,450		
	1,16,4000		

The profit as per cost accounts was Rs. 29,655

Prepare reconciliation statement to reconcile cost profit with financial profit after preparing cost sheet. Further information as per cost accounts.

1) Closing stock was takes at Rs 6,420
2) The works expenses were taken at 100% of Direct wages.
3) Selling and Administration expenses were charged at 10% of sales and Rs 0.10 per unit respectively.
4) Depreciation was taken at Rs. 1,200.

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Q.3 Makaan construction under took a contract for Rs.5,00,00,000 on 1st August 2015. The contract was complete on 31st March, 2017. The contractor closes his Accounts on 31st March. The details of the contract are as follows. 15

Particulars	For the period ended 31/3/2016 Rs.	For the period ended 31/3/2017 Rs.
Materials issued	95,48,500	1,17,65,000
Direct Labour	31,37,800	45,40,000
Sub-contract charges	7,88,900	28,13,000
Administrative Overheads	15,85,400	31,42,000
Supervision Charge	3,45,600	805500
Material Returned to stores	1,32,400	2,44,300
Work uncertified	5,23,200	-
Work certified (cumulative)	2,00,00,000	5,00,00,000
Material at site	1,00,600	
Cash received	1,80,00,000	3,20,00,000
Architects fees	4 % of work Certified	4 % of work Certified

The plant and machinery purchased on 1/8/2015 for the contract was Rs.84,25,000 and the estimated scrap value of plant and machinery at the end of the contract was Rs.4,25,000 it realized on completion of contract at its estimated scrap value.

You are required to prepare contract Account for the period ended 31st March 2016 and Contract account for the year ended 31st March, 2017.

OR

Q.3 M/s Sundar contractors and Builders have obtained a contract for constructing a Housing complex. The contract work commenced on 1st July, 2014. The year ending of the company is 31st March. The contract price was Rs. 800 lakhs. The contractee agrees to pay 90% of the value of the work done as certified by the Architect immediately machine costing Rs. 60,00,000 was specially bought and used for the contract. The residual value of the machine on 31st January 2017 was Rs.29,00,000. Depreciation is to be effected on a straight line basis. 15

You are provided with the following information.

Particulars	2014-15 Rs	2015-16 Rs	2016-17 Rs
Materials Purchased	27,50,000	86,25,000	19,75,000
Direct Labour	78,52,500	90,36,500	103,00,000
Architect Fees	2,50,000	4,50,000	5,00,000
Supervision Charges	1,22,000	1,85,000	2,76,000
Overhead Charges	67,75,500	41,66,500	87,11,000
Materials on site at the end of the year	50,000	1,25,000	75,000
Uncertified work at the end of the year	2,00,000	4,00,000	-
Money received from the contractee during the year	1,80,00,000	3,60,00,000	260,00,000

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As per the policy of the company, no profit is to be considered unless the certified work completed exceeds the total contract price. Thereafter, profit is to be taken credit for in the same proportion as the cumulative received bears to the contract price.

Prepare Contract Accounts for all three years.

Q.4 Aman Ltd. Is manufacturing a product which passes through three consecutive processes. Process –I , Process-II and Process-III. The following figures have been taken from their books for the month ended on 31st Jan 2017. 15

Particulars	Process - I	Process - II	Process-III
Quantitative Information			
Basic Raw Material at Rs 10 Per kg.	25,000	-	-
Output during the month(kgs)	24,000	23,200	24250
Other Additional Information			
Process Material (Rs.)	1,50,000	2,70,000	350000
Direct wages	80% of process materials	70% of process material	60% of process material
Factory Overheads	80% of direct wages	90% of direct wages	75% of direct wages.
Machine Overheads (Rs.)	22,000	16,980	15,620
Normal Overheads (% on input) (%)	2%	4%	4 %
Scrap value per kg (Rs)	2	3	5

You are required to prepare process accounts.

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Q.4 M/s Mahesh Enterprises Ltd. Provides you the following for the month of December, 2016 about processes X, Y and Z. 15

Particulars	Process - X	Process - Y	Process-Z
Raw material introduced in the process (units)	20,000	3480	2875
Cost of Raw material per unit (Rs).	12	15	18
Direct expenses Rs.	1,12,250	79,220	72,770
Labour Charges(Rs)	86,800	85,480	58330
Factory Overheads (Rs)	25,750	28,620	39650
Normal Loss (% on total no of units Inputs) (%)	4%	5%	6%
Scrap value per unit (Rs.)	5	12	15
Output Transferred to the next process (%)	60%	50%	----
Output sold at the end of the process (%)	40%	50%	100
Selling price per unit of the output			
Sold at the end of the process (Rs)	30	35	55

You are required to prepare process 'X' , 'Y' and 'Z' accounts indicating clearly profit and loss in each process.

Q.5 What are the different components of cost sheet? Explain. 08

Explain the reasons for differences in profit as per financial account and cost account. 07

OR

Q.5 Write short notes on following (any three 5 marks each) 15

i) Direct cost
ii) Abnormal loss
iii) Work Certified
iv) Semi-Variable cost
v) Retention money

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