

1. (A) State whether True or False: (Any Eight)

(8)

- Prime cost = Direct Material + Direct Wages + Direct expenses.
- Secondary packaging cost is not production but distribution cost.
- Administration cost is not included in the cost of work-in-progress.
- Cost of production is equal to prime cost plus work cost.
- Cost of Production = Works Cost + Administrative Overheads.
- Notional Rent is shown in Cost Accounts.
- Need for reconciliation arises because of the difference in valuation of stocks in cost and financial accounts.
- Abnormal loss is charged to costing profit and loss account.
- Under the physical unit method of apportionment of joint cost, joint cost is divided by total units of joint products produced.
- While making an Estimated Cost Sheet, Administrative Overheads can be recovered as a percentage of Works Cost.

1. (B) Match the Column: (Any Seven)

(7)

Column A	Answers
1. Normal Loss	(a) Normal Cost / Normal Output
2. Unit Cost	(b) Prime cost
3. Direct Material + Direct Wages + Direct Expenses	(c) Amount certified but not paid
4. Abnormal Loss	(d) Input x % of Normal Loss
5. Contractor	(e) Works cost
6. Haulage on Machinery	(f) Normal Output - Actual Output
7. Trade fair expenses	(g) The person who undertakes the contract
8. Legal charges	(h) Factory Overhead
9. Prime cost + factory overhead	(i) Selling and distribution overhead
10. Retention money	(j) Administration overhead

2. A) A product passes through three processes and 40,000 units were introduced in Process A at cost of 30,000. The following further information is available: (15)

Particulars	Process I	Process II	Process III
Sundry Materials	20,000	4,000	2,000
Direct Labour	6,000	3,000	1,500
Direct Expenses	1,920	5,600	4,200
Output (Units)	38,000	37,000	34,000
Opening Stock (Units)	6,000	3,000	4,000
Closing Stock (Units)	4,000	5,000	9,500
Opening Stock Valuation (Per unit)	1.40	1.80	2.50
% of Normal Wastage	4%	5%	10%
Scrap Sales Price (Per unit)	0.20	0.30	0.40

The closing stock in each process is valued at respective Process Cost. Prepare Process I, II and III Accounts and Process I, II and III Stock A/cs.

OR

2. B) A product passes through three processes. The following data have been extracted from the books of a company. (15)

Particulars	Process X	Process Y	Process Z
Materials	12,000	10,000	9,000
Direct Labour	16,000	5,000	4,900
Direct Expenses	2,000	3,400	3,590
Overheads	3,500	2,005	2,004

4,000 units were initially introduced in Process X at a cost of 13,560. There was no stock of material or work in process at the beginning or at the end. The output of each process passes directly to the next process and finally to finished stock. The following additional data are obtained:

Process	Output Unit	Percentage of Normal Loss to Input	Value of Scrap per Unit
X	3,850	2%	0.25
Y	3,600	4%	0.50
Z	3,520	2.5%	0.60

Prepare Process Accounts.

3. A) The following is the summary of the entries in a Contract Ledger as on 31st December, 2021 in respect of Contract No. 444: (15)

Particulars	Rs.
Material bought directly	65,000
Materials from store	5,000
Wages	30,000
Direct Expenses	13,000
Establishment Charges (apportioned)	15,000
Common Plant sent to site	50,000
Scrap sold	2,000

The further information is as follows:

- Accruals on 31st December 2021 were: Wages 1,000 and Direct Expenses 3,000.
- The cost of work uncertified was Rs. 8,000.
- Rs. 4,000 worth of materials were destroyed by fire.
- Materials costing Rs. 3,000 were sold for Rs. 4,000.
- Depreciation till 31-12-2021 on the plant was Rs. 12,000.
- Materials at site were Rs. 6,000.
- Cash received from the Contractee was Rs. 1,40,000 being 80% of work certified.



- h. Contract price was Rs. 2,50,000.  
i. Transfer 2/3rd profit on cash basis to P & L A/c.

Prepare Contract Account.

OR

3. B) Tukya contractors undertook a contract for 15,00,000 on 1st July, 2019. The contract was completed on 31st March, 2021. The contractor prepares his accounts on 31st March. The details of the contract are: (15)

Particulars	From 1-7-19 to 31-3-20	From 1-4-20 to 31-3-21
Material issued	1,52,000	3,30,000
Direct wages	1,25,000	4,65,000
Direct Expenses	30,000	45,000
Materials returned to stores	22,000	15,000
Material at site	20,000	8,000
Uncertified work	48,000	-
Office overheads	23,000	66,000
Material lost by fire	-	5,000
Work certified	300,000	15,00,000
Plant issued	3,00,000	1,50,000

Provide depreciation @ 20% p.a. on plant.

Prepare Contract Accounts for the years ended 31st March 2020 and 31st March 2021.

4. A) From the following particulars, prepare a cost sheet showing the components of total cost and profit for the year ended 31st March, 2022. (15)

Particulars	Rs.
Stock of finished goods on 1-4-2021	6,000
Stock of finished goods on 31-3-2022	15,000
Stock of raw materials on 1-4-2021	40,000
Stock of raw materials on 31-3-2022	50,000
Work in progress on 1-4-2021	15,000
Work in progress on 31-3-2022	10,000
Purchases of raw materials	4,75,000
Carriage inwards	12,500
Wages	1,75,000
Works Manager's Salary	30,000
Factory Employee's Salaries	60,000
Factory Rent, Taxes & Insurance	7,250
Power expenses	9,500
Other production expenses	43,000
Sales for the year	8,60,000
Income tax	5,000
Dividend received	2,500
Interest on debentures	10,000
Transfer to Sinking Fund	20,000

Goodwill written off	10,500
Selling Expenses	16,000
General Expenses	32,500

OR

4. B) Following is the Profit and Loss Account as per financial records of M/s Niyati Enterprises for the year ended 31st March, 2021.

(15)

Particulars	Rs.	Particulars	Rs.
To Opening Stock (Finished Goods 2,000 units)	2,50,000	By Sales (Selling Price @ 125 p.u.)	30,00,000
To Direct Materials consumed	12,00,000	By Closing Stock (Finished Goods 2,000 units)	2,20,000
To Carriage Outward	30,000	By Dividend Received	10,000
To Direct Wages	8,00,000		
To Demonstration Expenses	30,000		
To Legal Charges	40,000		
To Haulage of Machinery	20,000		
To Depreciation (Plant & Machinery)	1,50,000		
To Printing and Stationery	40,000		
To Advertisement Expenses	60,000		
To Other Indirect Expenses			
Works	80,000		
Office	80,000		
Sales	80,000		
	2,40,000		
To Drawing Office Expenses	60,000		
To Audit Fees	40,000		
To Preliminary Expenses w/off	1,00,000		
To Net Profit	1,70,000		
	32,30,000		32,30,000

For the same period, Cost Accounting records showed the following:

1. Depreciation on Plant and Machinery was recorded at Rs.40,000.
2. Opening Stock of Finished Goods has been valued at Rs.2,00,000.
3. Closing Stock of Finished Goods has been valued at cost of production.

Prepare:

1. Detailed cost statement for the year ended 31st March, 2021 showing total cost (excluding per unit)
2. Statement of Reconciliation of Profits (Starting with Profit as per Cost Sheet). unit) and profit.

5. (A) State Advantages and Disadvantages of process costing (8)  
(B) Describe the different costing methods used in different industries. (7)

OR

5. Write short notes on: (Any Three) (15)

1. Features of process costing.
2. Retention money
3. Work certified
4. Material consumed
5. Importance of reconciliation statement

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