TY B Com Sem V (CBSGS)
Fin Accts - Cost Accounting
22/4/14

QP Code : BD-6841

(2 Hours) [Total Marks : 60

N.B. : (1) **All** questions are **compulsory**.
(2) **Figures** to the **right** indicate **full** marks **allotted** to the question.
(3) Working notes should form **part** of your answer.

1. 'Y' Ltd manufactures a Chemical Product. Which passes through three processes. The cost records show the following particulars for the year ended 31st March, 2013. 15

Particulars		Process X	Process Y	Process Z
Basic Raw Material introduced in units		10,000	4,600	1,500
Cost of Raw Material per unit in	(₹)	5	6	8
Labour	(₹)	20,000	16,000	20,000
Direct Expenses	(₹)	19,200	13,600	9,800
Production overheads	(₹)	17,560	5,000	7,000
Sundry Materials	(₹)	1,960	1,000	4,000
Normal Loss (%)		4%	8%	10%
Weight Loss (%)		6%	2%	Nil
Scrap value per 10 units		₹ 18	₹ 25	₹ 40
Output transferred to next process (%)		60%	50%	Nil
Output Sold (%)		40%	50%	70%
Selling Price of output per unit		₹ 15	₹ 17	₹ 18
Transferred to finished stock (%)		Nil	Nil	30%

% of normal loss and % of weight loss are based on total input in the process. Prepare Process Accounts.

OR

1. VAMA Industries Ltd. is manufacturing a product which passes through three consecutive processes i.e. process M, Process P and Process S. The following figures have been taken from their books for the year ended 31st March, 2013. 15

Particulars	Process M	Process P	Process S
No. of Units Introduced	96,000	–	–
Rate per unit of units Introduced (₹)	5	–	–
Material consumer (₹)	70,720	29,490	37,946
Direct Labour (₹)	80,000	72,000	56,000
Production overheads	40% of Direct Labour	50% of Direct Labour	60% of Direct Labour
General Overheads (₹)	88,000	42,000	50,400
Normal waste in process as % of input	3%	1%	1%
Sale value of waste per unit (₹)	2	3	5
Actual output during the year in units	93,000	92,200	91,500

Prepare the three process accounts and Abnormal Loss and Abnormal Gain Account.

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2. The fancy Toys company manufactures two types of toys viz 'A' and 'B'. The manufacturing costs for the year ended 31st March, 2013 were

Direct Material	₹ 4,00,000
Direct Labour	₹ 2,24,000
Manufacturing overhead	₹ 96,000

There was no work-in-progress at the beginning or at the end of the year.

It was ascertained that :–

(a) Direct Materials per toy for type 'A' cost twice as much as direct materials per toy in type 'B'.

(b) Direct Wages per toy for type 'B' were 60% of those for type 'A'.

(c) Administration overheads for each type was 200% of direct labour cost.

(d) Manufacturing overheads were 30 paise per toy for both type 'A' and 'B'.

(e) Selling overheads were 25 paise per toy sold for each type.

(f) Production and Sales during the year :–

Type A – 80,000 toys of which 72,000 were sold.

Type B – 2,40,000 toys of which 2,00,000 wee sold.

(g) Selling price – Type A @ ₹ 14 per toy and Type B @ ₹ 10 per toy.

Prepare a statement showing the total cost and cost per toy for each type of toy and pr[ofit] earned in each type of toy.

OR

2. Following is the Profit and Loss Account as per financial records of M/s BABA Enterprises for the year ended 31st March, 2013. 15

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Particulars		₹	Particulars	₹
To Opening Stock (Finished Goods 1250 units)		90,000	By Sales (4250 units)	5,31,250
To Raw Materials consumed		1,00,000	By Closing Stock (Finished Goods 500 units)	35,000
To Productive Wages		1,50,000	By Interest received	17,000
To Carriage outwards		12,500		
To Power and fuel		5,000		
To Trade fair expenses		12,500		
To Depreciation				
Factory	8,000			
Office	11,000	19,000		
To Salaries		12,000		
To Other Indirect Expenses				
Factory	15,000			
Office	13,000			
Sales	12,500	40,500		
To Expenses on free samples		12,500		
To Printing & Stationery		14,000		
To Repairs & Maintenance of Plant		20,000		
To Loss on sale of Fixed assets		15,000		
To Net Profit		80,250		
		5,83,250		**5,83,250**

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

(1) Factory Depreciation has been recorded at ₹ 10,000.

(2) Opening Stock of finished goods has been valued at ₹ 1,00,000.

(3) Closing Stock of finished goods has been valued at cost of Production.

Prepare :–

(a) Detailed cost statement for the year ended 31st March, 2013 showing total cost (excluding per unit) and profit.

(b) Statement of Reconciliation of Profits (Starting with Profit as per Cost Sheet).

3. KNP Infrastructures Ltd. commenced a contract on 1st April, 2012. The total contract is price was for ₹ 18,50,000 and it is likely to be completed on 31st December, 2013. The Actual expenditure upto 31st March, 2013 and subsequent estimated expenditure upto 31st December, 2013 are as given below :–

Particulars	Actual Expenditure upto 31-3-2013 ₹	Estimated Expenditure from 1-4-2013 to 31-12-2013 ₹
Material Issued	3,00,000	5,50,000
Labour Paid	2,00,000	2,60,000
Labour outstanding	20,000	–
Plant Purchased	1,50,000	–
Expenses Paid	75,000	1,50,000
Expenses prepaid at end	15,000	–
Plant returned to store (Original cost) at end of the period	50,000	1,00,000
Material at site	20,000	50,000
Work Certified	11,10,000	Full
Work Uncertified	25,000	–
Cash Received	8,40,000	Full

The plant is subject to annual depreciation @ 25% of original cost.

It was decided that the profit to be taken credit for should be that portion of the estimated net profit to be realised on completion of the contract which the certified value of work as on 31st March, 2013 bears to the total contract price.

You are required to prepare Contract Account for the year ended 31st March, 2013 and show your calculation of Profit to be credited to the Profit & Loss Account for the year ended 31st March, 2013.

OR

3. (a) From the following information calculate : 8

(1) Material Usage Variance

(2) Material Price Variance

(3) Labour Efficiency Variance

(4) Labour Rate Variance.

Standard : For 10 units of production

Material 60 kgs @ ₹ 8 per kg

Labour 40 hours @ ₹ 8 per hour

Actual Production for the month – 24,000 units

Actual Material price per kg ₹ 9

Material used during the month 1,56,000 kgs

Direct Labour hours worked 96,000 hours

Actual Wage rate per hour ₹ 7.

(b) The following information is available from the records of MK Company as at 31st March, 2012 and 2013. 7

Particulars	2012 ₹ in Lacs	2013 ₹ in Lacs
Sales	150	200
Cost	120	150

Calculate :–

(i) P/V Ratio

(ii) Fixed Cost

(iii) Break Even Sales in ₹

(iv) Sales required to earn Profit of ₹ 95 Lakhs

(v) Profit for sales of ₹ 280 Lakhs

(vi) Margin of safety when sales is ₹ 100 lakhs.

4. (a) Select the most appropriate option and rewrite the full sentence :– 8

(1) If the actual cost is lower than the Standard Cost the variance is ______.

- Unfavorable
- Controllable
- Uncontrollable
- Favorable

(2) Indirect Costs are known as __________.

- Variable Costs
- Fixed Costs
- Overheads
- None of the above

(3) Marginal costing is __________.

- a method of costing
- a technique of costing
- similar to absorption costing
- None of the above

(4) Under ABC technique of inventory control 'A' stands for ________.

- Average items
- High value items
- Low value items
- None of the above

(5) Interest received on investment increases ________.
- Financial Profit
- Assets
- Costing Profit
- Liabilities

(6) Abnormal loss is equal to ________.
- Input Less Actual Output
- Actual Output Less Normal Output
- Normal Output Less Actual Output
- Actual Output Less Input

(7) The degree of completion of work is determined by comparing the work certified with.
- Contract Price
- Work in Progress
- Retention Money
- Cash received

(8) Trade Fair expenses is an example of ________.
- Production overhead
- Administrative overhead
- Selling overhead
- None of the above.

(b) State whether the following statements are **True** or **False** :–
(i) Administration costs are always indirect in nature.
(ii) Bin Cards are not a part of Accounting records.
(iii) Depreciation on Plant is an example of works orverhead.
(iv) Estimated cost sheet is prepared for submitting quotations.
(v) In contract costing, the cost unit is a contract.
(vi) The main purpose of standard costing is cost control.
(vii) Abnormal losses are not included in cost sheet.

OR

4. Write short notes on any **three** of the following :–
(a) Margin of Safety
(b) Advantages of Standard Costing
(c) Piece rate system of Wages.
(d) Material Requisition Note
(e) Abnormal Gain in Process Account.