Exchange Fluctuation Account.

Cost Accounting (Sem-VI)

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

(1) (a) **Select the most appropriate option and rewrite the full sentence: (Any Eight)**

(i) If actual cost is more than standard cost, Variance is ________

- Favourable
- Adverse
- Nil
- All of these

(ii) Abnormal Loss Units are equal to ________.
- Output Units
- Input Units – (Normal Loss Units & Output Units)
- Input Units – Normal Loss Units
- All of the above.

(iii) Stores Ledger contains a Separate Account of ________.
- Each item of Stores
- Receipt of Stores
- Issue of Stores
- None of these

(iv) Marginal Costing is ________.
- Method of Costing
- Similar to Absorption Costing
- A technique of Costing
- None of the above.

(v) Abnormal gain arises if ________.
- Output quantity is more than input quantity
- Abnormal loss is avoided
- There is reduction in normal loss.
- None of the above.

(vi) Cost of rectification of defective work is ________.
- Debited to P & L account
- Credited to Contract Account
- Ignored from contract account
- Debited to Contract Account

(vii) The product which has a lower sale value than the main product is a________.
- Economic Product
- Consumer Product
- By-Product
- Joint Product

(viii) Standard Cost is decided for ________.
- Labour
- Overheads
- Materials
- All the elements

(ix) Contribution is equal to ________.
- Sales – Variable Cost
- Sales × P/V Ratio
- Fixed Cost + Profit
- All of the above

(x) Retention money is equal to ________.
- Work certified – Work uncertified
- Work certified – Payment received by contractor
- Contract price – Work certified
- All of the above

(7)

(b) **State whether the following statements are True or False: (Any Seven)**

(i) BEP is the point at which total revenue is equal to total cost.
(ii) In Contract Costing, each contract is a Cost Unit.
(iii) Process cost system is applicable to Paper mills.
(iv) Non-integrated accounting is also called Interlocking accounting system.
(v) Actual rate is not used while computing Labour Efficiency Variance.
(vi) Uncertified work is valued at cost.
(vii) Activity Cost Pools are cost accumulation associated with a given activity.
(viii) The main purpose of Standard Costing is Cost Control.
(ix) Invisible waste has no sale value.
(x) Direct labour hour is a Cost pool that is regularly used in the activity-based costing method.

(2) Balaji Enterprises provides you the following information for the month of February 2015 about Process I, II & III: (15)

Particulars	Process I	Process II	Process III
Basic Raw Materials Introduced (Units)	30,000	5,050	3,780
Cost of Raw Materials per unit (₹)	15	18	22
Direct Expenses (₹)	1,50,000	1,70,000	1,90,000
Direct Wages (₹)	1,20,000	1,00,000	1,00,000
Indirect Materials (₹)	8,100	9,205	6,560
Factory Overheads (₹)	1,13,100	1,19,345	87,740
Normal Loss (as % of total No. of units Input)	4 %	6 %	8 %
Scrap Value Per Unit (₹)	5	7	10
Actual Output (Units)	28,500	23,700	16,500
Output transferred to Next Process (%)	70 %	60 %	–
Output Sold at the end of Process (%)	30 %	40 %	100 %
Selling Price Per Unit of the output sold at the end of the process (₹)	32	44	70

Output is transferred to next Process at Cost. You are required to prepare Process Accounts.

OR

(2) Savita Chemicals Ltd. is manufacturing a product which passes through three consecutive processes, Process X, Process Y and Process Z. The following figures have been taken from its books for the month ended 31st January 2015. (15)

Particulars	Process X	Process Y	Process Z
Quantitative Information:			
Basic Raw Materials at Rs. 10 per kg	25,000 Kgs	–	–
Output during the month (Kgs)	24,000	23,200	22,250
Other Additional Information:			
Process Materials (₹)	1,50,000	2,70,000	3,50,000
Direct Wages (₹)	80 % of Process Materials	70 % of Process Materials	60 % of Process Materials
Indirect Materials (₹)	10,000	8,000	2,000
Indirect Wages (₹)	2,000	980	1,620
Machine Overheads (₹)	10,000	8,000	12,000
Other Factory Overheads	80 % of Direct Wages	90 % of Direct Wages	75% of Direct Wages

Normal Loss (% on Input)	2 %	4 %	4 %
Scrap Value per kg (₹)	2	3	5

You are required to prepare Process Accounts.

(3) Following information relates to a building contract commenced on 1st April 2013 for Rs. 10,00,000 (15)

Particulars	2013-14 (₹)	2014-2015 (₹)
Materials Issued	3,02,000	84,000
Direct Wages	2,00,000	1,00,000
Outstanding Wages	20,000	–
Sub Contract Charges	12,000	10,000
Indirect Expenses	10,000	–
General Expenses	6,000	1,400
Supervision Charges	10,000	5,000
Work Certified (Cumulative)	7,50,000	10,00,000
Work Uncertified	8,000	–
Materials at site at the end	5,000	–
Plant Issued	14,000	2,000
Materials Returned to Stores	2,000	5,000
Cash Received from the Contractee during the year	6,00,000	4,00,000

The value of Plant at the end of 2013-14 and 2014-15 was Rs. 7,000 and Rs. 5,000 respectively

Prepare Contract Accounts for the years 2013-14 and 2014-15.

OR

(3) Saurav Ltd. obtained two contracts viz. A and B. Contract A commenced on 1st October 2014 and Contract B started on 1st December 2014. Following information was extracted from their books for the year ended 31st March 2015. (15)

Particulars	Contract A (₹)	Contract B(₹)
Contract Price	70,00,000	15,00,000
Cash Received	11,20,000	7,65,000
Plant issued at commencement	22,50,000	12,00,000
Work Certified	14,00,000	9,00,000
Work Uncertified	52,000	28,000
Direct Wages	2,95,000	1,77,500
Direct Expenses	1,36,500	30,700
Supervision Charges	27,500	22,500
Administrative Overheads	2,72,500	1,47,500
Sub-Contract Charges	63,700	–
Electricity Charges	48,800	–
Architect's Fees	52,000	27,000
Indirect Materials	1,47,000	1,62,600
Direct Materials	3,58,000	1,99,200
Direct Materials returned to Stores	14,000	–
Direct Materials at the site at the end of the period	73,000	54,000

Provide depreciation @ 20% p.a. on the original cost of Plant.

Prepare Contract A and Contract B Account for the period ended 31st March 2015.

(4) Following are the balances in Cost Ledger of a Manufacturing Company on 1st April 2014. (15)

Particulars	Debit (₹)	Credit (₹)
Stores Ledger Control Account	17,000	–
Work-in -Progress Ledger Control Account	22,800	–
Finished Stock Ledger Control Account	12,000	–
Cost Ledger Control Account	–	51,800

You are given the following information for the year ending 31st March, 2015.

Particulars	(₹)
Purchase of Materials	50,000
Direct Factory Wages	70,000
Manufacturing Expenses	44,600
Selling and Distribution Expenses	15,400
Material issued to production	47,200
Manufacturing Expenses recovered	44,440
Selling and Distribution Expenses recovered	15,320
Sales	1,60,000
Stock of Materials at end	19,800
Stock of Finished Goods at end	14,700
Work-in-Progress at end	24,700

Prepare related Cost Control Accounts.

OR

(4) (a) From the following information, calculate: (8)
(i) P/V Ratio. (ii) Fixed Cost. (iii) Break Even Sales. (iv) Profit at sales of Rs. 24,00,000.

Particulars	31-3-2014 (₹)	31-3-2015 (₹)
Sales	18,00,000	21,00,000
Profit	1,20,000	1,80,000

(b) From the following information, calculate Labour Variances. (7)

Particulars	
Standard for 10 Units	5 Hours
Standard Rate per unit	Rs.15
Actual Production	1,60,000 Units
Actual Hours Worked	85,000 Hours
Actual Rate Per Hour	Rs. 29.80

(5) (a) What are the advantages of Marginal Costing? (8)
(b) What is Product Life Cycle Costing? Describe its characteristics. (7)

OR

(5) **Write short notes on (any three):** (15)
(a) Advantages of Activity Based Costing. **(b)** Target Costing. **(c)** Material Variances. **(d)** Retention Money. **(e)** Non-Integrated Cost Accounting System.