

Time: 2 ½ hrs.

Marks: 75

Note:

1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Draw neat diagram wherever necessary.

Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (Attempt any 8) (08)

(1) Cost of production - Administration overhead = _____.

- a) Prime cost
- b) Cost of sales
- c) Works cost
- d) Work in progress

(2) Prime cost + overhead = _____.

- a) Works cost
- b) Total cost
- c) Cost of sales
- d) Cost of production

(3) In reconciliation statement, expenses shown only in Financial Accounts are _____.

- a) Added to financial profit
- b) Ignored
- c) Deducted from financial profits
- d) Added to cost profits

(4) In reconciliation statement, expenses shown only in Cost Accounts are _____.

- e) Added to financial profit
- f) Ignored
- g) Deducted from financial profits
- h) Deducted from cost profits

(5) _____ is the person for whom the contract job is undertaken.

- a) Contractor
- b) Contractee
- c) Sub-Contractor
- d) Job worker

(6) The degree of completion of work is determined by comparing the work certified with _____.

- a) Contract price
- b) Work in progress
- c) Cash received on contract
- d) Retention money

(7) Normal output is equal to _____.

- a) Input - Abnormal loss
- b) Input - normal loss
- c) Input - Abnormal gains
- d) None of the above



(8) Unit cost is equal to _____.

- a) Normal cost + normal output
- b) Total cost + Normal output
- c) Normal cost + Total output
- d) Total cost ÷ total output

(9) Total cost + profit = _____.

- a) Selling price
- b) Cost of goods sold
- c) Selling and distribution overhead
- d) Gross profit.

(10) _____ is ignored while preparing cost sheet.

- a) Carriage inward
- b) Purchase return
- c) Sales commission
- d) Interest paid

(B) State whether the following statements are true or false. (Attempt any 7) (07)

- (1) The sale value of scrap, is always more than the cost of production, leading to abnormal gains.
- (2) The actual sale of units of scrap representing normal loss is credited to the profit and loss A/c.
- (3) If a contract is 60% complete, 1/3 of the notional profit is credited to the profit and loss account.
- (4) In contract costing, the percentage of price not paid by the contractee is known as margin money.
- (5) Profit as per cost accounts is the same as profit as per financial accounts.
- (6) Notional interest on owner's capital appears only in financial profit and loss a/c.
- (7) Production cost includes only direct cost related to the production.
- (8) Primary packaging cost is included in distribution cost.
- (9) The combined total of labour and overhead is called prime cost.
- (10) Raw material inventory consists of products partially completed at the end of a period.

Q.2 The trading profit and loss account of Vijaya manufacturing company for the year (15) ended 31-12-2013 was as follows.

Trading and profit and loss account for the year ended 31-12-2013

Particulars	Amount	Particulars	Amount
To raw material	80000	By sales	250000
To direct wages	30000	By closing stock	5000
To direct expenses	25000		
To factory expenses	40000		
To gross profit c/d	80000		
	<u>255000</u>		<u>255000</u>
To office salaries	25000	By Gross profit b/d	80000
To office rent	12000	By Dividend received	10000
To selling expenses	12500	By Discount received	7500

To Preliminary expenses written off	2500		
To goodwill written off	5500		
To net profit	40000		
	97500		97500

For the year 2014, it is estimated that:

1. units produced and sold will rise by 20%.
2. Prices of raw material per unit will rise by 10%.
3. Direct wages per unit will increase by 25%.
4. Direct expenses will increase by ₹5000 in total.
5. Factory expenses per unit will increase by 25%.
6. The office premises which were on rental basis in 2013 would be purchased by the company on which depreciation would be ₹6000 in 2014.
7. Selling expenses per unit will remain the same.

You are required to prepare a statement showing estimated cost and profit for the year ended 31st December 2014 considering that the company shall charge a profit at 20% on sales.



OR

Q.2

Following details are furnished by K.K Ltd expenses incurred during the year ended (15) 31st March, 2020.

Particulars	Amount
Direct wages	110000
Purchased of raw material	240000
Factory Rent	35000
Cost of catalogues	17100
Sundry expenses	18500
Depreciation on plant and machinery	19000
Opening stock of raw material	25000
Repairs to office furniture	12500
Carriage outwards	25650
Interest on loans	12700
Closing stock of raw material	15000
Distribution of free samples	13775
Audit fees	11500
Demonstration Expenses	13300
Furniture loss by fire	8000
Indirect Material	26000
Office salary	27500
Store keeper's salary	9000
Depreciation on office Equipment	10000
Commission of sales	15675
Direct Expenses	90000
Material handling Charges	11000
Machinery Purchased	140000

Other Information:

1. Stock of finished goods at the end 500 units to be valued at cost of production.
2. Number of units sold during the year was 9500.

3. Profit desired on sales is 20%.

Prepare a cost sheet showing the various elements of cost both in total and per unit and also find out the total profit and per unit profit.

Q.3

KT Ltd. Provides you the following information for the year ended 31st March 2022. (15)

Particulars	Process A	Process B	Process C
Raw material (Units)	12000	2440	2600
Cost of raw material per unit. (Rs)	5	5	5
Direct wages (Rs)	34000	24000	15000
Production overheads (Rs.)	16160	16200	9600
Normal Loss (% of total no. of units entering to the process)	4%	5%	3%
Wastage (% of total no. of units entering to the process)	6%	5%	4%
Scrap per unit of wastages (Rs)	3	4	5
Output transferred to subsequent process	70%	60%	-
Output sold at the end of the process	30%	40%	100%
Selling price per unit (Rs.)	12	16	17

Prepare Process A, B, and C Accounts.

OR

Q.3

Following is the summarised profit and loss account of M/s Star manufacturing Co. Ltd. For the year ended 31st December, 2014. (15)

Profit and loss Account for the year ended 31st Dec. 2014

Particulars	Amount	Particulars	Amount
To Wages	151000	By sales (12000 units)	600000
To Material Used	274000	By Closing stock of finished goods (400 units)	16000
To Factory Expenses	83000	By Closing WIP	12000
To Expenses on administration	38240	By Dividend Received	1800
To Selling expenses	45000		
To Goodwill Written off	2000		
To Preliminary Expenses written off	4000		
To Net profit	32560		
	629800		629800

In the cost accounts:

- factory expenses have been allocated to the production at 20% on prime cost.
- Expenses of administration at Rs.3 per unit produced
- Selling expenses at Rs. 4 Per unit sold.

You are required to prepare a cost sheet and reconcile the profits disclosed by cost accounts and those shown by financial accounts.

Q.4

Everest construction ltd. Entered into a contract to construct a building. The contract value is Rs.1300000 to be realised in installment on the basis of the value of work certified by the architect subject to a retention of 10%. The work commenced on 1-4-2013 but it remained incomplete on 31-12-2013 when the final accounts were to be prepared. The facts and figures of the contract are as follows:

(15)

Material charged to contract Rs. 360000.

Plant charged to contract at the commencement Rs. 64000

Wages paid Rs.174000.

Expenses incurred on the contract Rs.77500.

Total establishment expenses amounted to Rs.82000 out of which 25% is attributable to this contract.

Out of the material issued to the contract, material costing Rs.8000 were sold for Rs.10000. A part of the plant costing Rs.4000 was damaged on 1-10-2013 and the scrap realised Rs. 600 only. Plant costing Rs. 6000 was transferred to another contract site on 31-12-2013.

Plant is to be depreciated @ 10% p.a

Material in hand on 31-12-2013 Rs.35000

Cash received from contractee Rs.612000

Cost of work yet to be certified Rs.60000

Prepare a contract account showing the amount of profit or loss to be transferred to a profit and loss account.



OR

Q.4

The product of a company passes through three distinct processes to completion. These processes are known as X, Y & Z. From the past experience, it is ascertained that wastage is incurred in each process as under: process X - 2%, process Y - 4%, Process Z - 10%.

(15)

The wastage at each process possesses scrap value. The wastage of processes X and Y is sold at Rs.2.50 per unit, and that of process Z at Rs. 5 per unit. The output of each process passes immediately to the next process and finished units are transferred from process Z into stock. The following information is obtained.

Particulars	X	Y	Z
Material	270000	260000	120000
Wages	430000	240000	130000
Direct Expenses	137500	145000	180000

50000 Units were put in process X at a cost of Rs. 10 per unit. The output of each process is as follows:

Process x - 48750 units, process Y- 47000 units and process Z - 42000 units.

There is no stock of work in progress in any process. Prepare the process accounts, abnormal gain account and abnormal loss accounts

Q.5 (a) Explain the significance of process costing.

(08)

(b) Distinguish between work certified and work uncertified.

(07)

OR

Q.5 Write short notes on (Attempt any 3)

(15)

(1) Applicability of process costing.

(2) Importance of reconciliation of cost and financial accounts.

(3) Retention money

(4) Notional profit

(5) Work certified

---X---