SYBAF/SEM III/REG/Cost Accounting

Time: 2½ hrs. Marks:75

Note:
1. All questions are compulsory with internal options.
2. The figures to the right indicate full marks.
3. Draw a 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) Which of the following item is a prime cost ______?
- (a) Direct Material
- (b) Indirect Labour
- (c) Indirect Material
- (d) Staff Salary

(2) Prime cost + factory overhead = _______.
- (a) Fixed cost
- (b) Work cost
- (c) Cost of Production
- (d) Cost of Goods sold

(3) Raw material ₹ 60,000, labour ₹ 30,000 ; factory overhead ₹ 5000. So works cost = ____________.
- (a) 55000
- (b) 75000
- (c) 95000
- (d) 15000

(4) Material purchased ₹ 3,00,000, opening stock ₹ 50,000, closing stock ₹ 20,000. So raw material consumed = _________.
- (a) 774000
- (b) 345000
- (c) 330000
- (d) 400000

(5) The degree of completion of work is determined by comparing the work certified with __________.
- (a) Contract Price
- (b) WIP
- (c) Cash Received
- (d) Retention Money

(6) WIP at the year end is equal to__________.
- (a) Only material at site
- (b) Only work uncertified
- (c) Only work certified
- (d) total of all of the above options

(7) The entire contract is complete. The transfer of profit to profit and loss account will be______.
- (a) 1/3 of notional profit
- (b) Nil
- (c) 2/3 of Notional profit
- (d) 100% of Notional profit

(8) Abnormal gain is ________ in process accounts.
- (a) Debited
- (b) Credited
- (c) Ignored
- (d) None of the above

(9) Interest on bank deposit is taken in________.
- (a) Cost Accounting
- (b) Financial Accounting
- (c) Ignored
- (d) None of the above

(10) Abnormal loss is __________.
- (a) Controllable
- (b) Non-controllable
- (c) Profitable
- (d) None of the above.

(B) State whether the following statements are True or False. (Attempt any 7) **(07)**

(1) Join product or products form same process.

(2) The physical unit method of allocation of joint cost gives equal importance and value to all the joint products.

(3) Notional profit is a concept of contract costing.

(4) Income tax paid is ignored in costing.

(5) Contractee is a person who pays for the contract.

(6) Work certified is always measured at selling price.
(7) Need for reconciliation does not arise in case of integrated system of accounts.
(8) Dividend paid is financial expenses.
(9) Office overheads are fixed in nature.
(10) Interest paid is ignored in cost sheet.

Q.2 **Following details are furnished by Sakshi ltd expenses incurred during the year ended 31st March, 2023.** **(15)**

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 were 9500.
3. Profit desired on sales is 20%.

Prepare 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.

OR

Q.2 Volvo manufacturing company gives you the following particulars for the year 2022. Production and sales during the year was 20,000 units. **(15)**

Particulars	Amount	Particulars	Amount
Material	5,00,000	Factory Overheads	
Direct Wages	3,00,000	Fixed	2,00,000
Administrative overhead (Fixed)	2,00,000	Variable	4,00,000
Sales	24,00,000	Selling and distribution overhead	
Profit	5,00,000	Fixed	1,20,000
		Variable	1,80,000

The company has worked to its maximum capacity of 20,000 units during the year 2022. The management has decided to increase production capacity to 30,000 units for the year 2023 and it is estimated that:

1. There will be all round rise in all variable expenditure by 10%
2. There will be increase of 20% in all fixed overhead.
3. There will be no need to change the selling price for the year 2023

Prepare cost sheet for the year 2022 with cost per unit column and also prepare estimated cost sheet for the year 2023.

Q.3 Following is the summarized profit and loss account of Govind industries limited for the year ended 31-03-2022 (15)

Particulars	Amount	Particulars	Amount
To Direct material	20000	By Sales (6000 units)	48000
To wages	7540	By Closing stock of finished goods (1500 units)	6600
To Factory expenses	5460	By interest on investment	17700
To Office overheads	5250	By Profit on sale of furniture	12000
To Selling & Distribution overheads	9600		
To Interest on loan	1400		
To Income tax	750		
To Net profit	34300		
	84300		84300

The cost account records for the above. Showed the following:

1. Direct material at the rate ₹ 5 per unit produced.
2. Direct wages at the rate ₹ 6 per unit produced.
3. Factory overheads were absorbed at the rate 25% of combined cost of direct material and direct wages.
4. Administrative overheads were absorbed at the rate ₹ 2.5 per unit produced.
5. Selling and distribution overheads were absorbed at the rate ₹ 3.5 per unit sold.

You are required to prepare the detailed cost sheet for the year ended 31st March 2022 and the statement of reconciliation.

OR

Q.3 **MRF Ltd. Provides you the following information for the year ended 31st March 2022.** (08)

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.

Q.4 Avla Construction Ltd entered into a contract to construct a bungalow. (15)

The contract value is Rs.1950000 to be realised in instalment 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. The facts and figures of the contract are:

Plant charged to contract at the commencement Rs. 96000

Material charged to contract Rs.540000

Wages paid Rs. 261000

Expenses incurred on the contract Rs.116250

Total establishment expenses amounted to Rs. 123000 out of which 25% is attributable to this contract.

Out of the materials issued to the contract, material costing Rs.12000 was sold for Rs.15000. A part of the plant costing Rs.6000 was damaged on 1-10-2013 and the scrap realised Rs.900 only. Plant costing Rs.9000 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.52500

Cash received from contractee Rs.918000

Cost of work yet to be certified Rs.90000.

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

OR

Q.4 RRR Enterprises provide you the following information for the month of February 2022 about process I,II& III. **(08)**

Particulars	P-I	P-II	P-III
Basic raw material introduced (Units)	30000	5050	3780
Cost of raw material per unit (₹)	15	18	22
Direct Expenses (₹)	150000	170000	190000
Direct wages (₹)	120000	100000	100000
Indirect Material (₹)	8100	9205	6560
Factory overheads (₹)	113100	119345	87740
Normal loss (as a % of total no. of input unit)	4	6	8
Scrap value per unit (₹)	5	7	10
Actual output (Units)	28500	23700	16500
Output transferred to next process (%)	70	60	-
Output sold at the end of the process (%)	30	40	100
Selling price per unit of the output sold (₹)	32	44	70

Output is transferred to next process at cost. You are required to prepare process accounts.

Q.5 (a) Advantages and disadvantages of contract costing. **(15)**

(b) Meaning and utility of cost sheet.

OR

Q.5 **Write short notes on (Attempt any 3)** **(15)**

(1) Indirect Cost

(2) Normal Loss

(3) Variable cost

(4) Contract Price

(5) Work certified

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