SYBAF(III) | Paper / Subject Code: 79810 / Cost Accounting (Methods of Costing) - II | 5

Duration : 2 ½ hours **Max. Marks : 75**

Note: All questions are compulsory.
All questions carry 15 marks.
Figures to the right indicate full marks.
Use Simple Calculator.
Working should form part of answer.

Q1 (A) Fill in the blanks with the correct alternative and rewrite the sentence (Any 8 out of 10) **8 marks**

1. Factory Cost is also known as _________ cost. (Direct / Indirect / Works)
2. A ________ is a big job involving huge expenditure. (Contract / Process)
3. Cement companies follow ___________ costing. (Process / Contract)
4. _________ point refers to the point at which joint products are separated. (Split off point / Subsequent Point)
5. While making Cost Sheet, closing stock of finished goods is valued at ___________. (Cost of Goods Sold / Cost of Production).
6. Notional Rent is shown in ______________ accounts. (Cost / Financial)
7. _________ expense is an example of Factory Overheads. (Power / Advertisement)
8. ____________ is valued in terms of contract price. (Work uncertified / Work certified)
9. _________ is a distinct manufacturing operation or stage. (Expense / Process)
10. Joint products are of __________ importance. (equal / unequal)

Q1 (B) State whether following statements are True or False and rewrite (Any 7 out of 10) **7 marks**

1. Prime Cost = Direct Material + Direct Labour + Indirect Expenses.
2. Cost of goods sold = Works Cost + Administrative Overheads.
3. Interest paid on debentures is shown in Cost Accounts.
4. Need for reconciliation arises because some items of expenses are shown only in Financial Accounts.
5. In process costing, Abnormal loss is valued at process cost per unit.
6. While making Estimated Cost Sheet, Administrative Overheads can be recovered as a percentage of Works Cost.
7. Output of one process is transferred to next process at Sales Price.
8. If contract is 20 % complete, then 1/3rd of Notional Profit is transferred to P&L a/c.
9. Retention Money = Work Certified – Work Uncertified.
10. Contract account is credited with scrap value of materials destroyed by fire.

Q2 (A) **15 marks**

From the following particulars, prepare cost sheet showing various elements of cost:

Particulars	Amount
Opening stock of Raw Materials	1,00,000
Purchase of Raw materials	8,50,000
Carriage inwards	30,000
Closing Stock of Raw Materials	36,000
Direct Wages	4,00,000
Direct Expenses	25,000
Managing Directors' Salary	50,000
Factory Rent	10,000
Sale of Factory Scrap	1,500
Depreciation on Factory Building	70,000
Closing Work in Progress	1,00,000
Opening Work in Progress	75,000
Opening Stock of Finished Goods	44,000
Closing Stock of Finished Goods	50,550
Advertisement	2,00,000
Stationery and Printing	11,500
Travelling Salesmen Salaries	1,50,000
Office Expenses	12,000
Office Rent	60,000
Depreciation of Delivery Van	24,000

Sales are made to earn profit @ 10% on cost price.

OR

Q 2 (B) 15 marks

The net profit of Disha Ltd. shown by Cost Accounts for the year ended 31st March 2018 was Rs. 10,35,000 and by Financial Accounts for the same period was Rs. 5,00,200. A scrutiny of the figures of the financial accounts and the cost accounts reveals the following facts. Prepare Reconciliation Statement

Particulars	Amount (Rs.)
1. Administrative overhead under recovered in Cost Accounts	14,800
2. Factory Overhead Over Recovered in Cost Accounts	10,000
3. Depreciation over charged in Financial Accounts	52,000
4. Interest on investment received	30,000
5. Loss due to obsolescence charged in Financial Accounts	20,000
6. Abnormal wastage charged in Financial Accounts	2,30,000
7. Income tax provided in Financial Accounts	2,50,000
8. Bank interest credited in Financial Accounts	8,000
9. Stocks adjustment credited in Financial Accounts	24,000
10. Loss due to depreciation in stock values charged in Financial Accounts	40,000

Q 3 (A) **15 marks**

On 1st October,2017, Mr. A undertook a Contract No. 725 for Rs. 2,50,000. The following information is available in respect of this contract for the accounting year ended 31st December 2017.

Particulars	Rs.
Work Certified	50,000
Wages Paid	25,000
Materials Supplied	40,000
Other Expenses	10,000
Plant supplied on 1-10-2017	30,000
Uncertified Work	15,000
Materials unused lying at site	1,000
Waged due but not paid	500

Provide 10% depreciation on Plant. Cash Received is 90 % of Work Certified.

Prepare Contract Account and Contractee account in the books of Mr. A.

OR

Q 3 (B) 15 marks

A firm tendered for a contract for Rs. 20,00,000and started work on the contract on 1st January 2017.

The following information is available for the year ending 31st December, 2017.

Particulars	Rs.
Materials purchased for contract	5,00,000
Stores and spares consumed	50,000
Wages	2,65,000
Plant and Machinery	1,10,000
Overhead Expenses	50,000
Stock of Materials 31st December, 2017	30,000

The machinery was purchased on 1st July 2017. It has a working life of five years and its scrap value has been estimated at Rs. 10,000. Work Certified at the end of the year was Rs. 10,00,000 and work uncertified was Rs. 50,000. Cash paid was 80 % of Work Certified.

Prepare Contract Account and Contractee Account.

Q 4 (A) 15 marks

The product of manufacturing concern passes through 2 process A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from process A and B realized Rs. 80 per tonne and Rs. 200 per tonne respectively.

The following are the figures relating to both the process:

Particulars	Process A	Process B
Materials in Tonnes	1,000	70
Cost of Material per Tonne (Rs.)	125	200
Wages (Rs.)	28,000	10,000
Manufacturing expenses (Rs.)	8,000	5,250
Output in Tonnes	830	780

Prepare Process A & B accounts, Normal Loss a/c and Abnormal Loss a/c.

OR

Q 4 (B) **15 marks**

A product of a company passes through 3 process viz Process A, B and C to obtain three consecutive grades of the product. Details relating to its production for the year 2017 are as follows:

Particulars	Process A	Process B	Process C
Raw Materials used (in tonnes)	1,000	-	-
Cost per tonne	Rs. 200	-	-
Manufacturing wages and expenses	75,000	41,000	11,000
Weight lost	5%	10%	20%
Scrap sold at Rs. 50 per tonne	40 Ton	30 Ton	51 Ton
Sale price per tonne	400	500	800

Management expenses were Rs. 15,000 selling expenses were Rs. 10,000 and interest on borrowed capital was Rs. 5,000.

2/3rd output of process A and ½ output of process B are passed on to the next process and the balance was sold.

You are required to prepare **Process A, B and C account and Costing Profit and Loss account** for the year.

Q 5 (a) Explain meaning, features and applicability of Process Costing. **8 marks**

Q 5 (b) Explain Direct and Indirect Cost. **7 marks**

OR

Q 5 (c) Write short notes (Any three) **3*5 = 15 marks**

i) Explain Job Costing.

ii) Explain reasons for difference in cost a/c and financial a/c.

iii) Explain features of contract costing.

iv) Explain advantages of process costing.

v) Explain Fixed and Variable Cost.

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