Cost
1

Duration: 2 ½ hours **C21510OFA- III** **Marks: 75**

Note :- a) All Questions are Compulsory. **b) Figures to right indicates full Marks**

Q.1.A. Select appropriate Word:- (Any 8) **(8M)**

1. In Contract Costing, Payment of cash to the Contractor is made on the basis of ____
   (a) Uncertified work (b) Work in progress (c) Certified work (d) Retention money
2. Material supplied to site is debited to
   (a)Contract a/c (b) Contractor's Account (c) Contractee a/c (d) Material Control a/c
3. The work done & certified by the architect is
   (a) Work completed (b) Work uncertified (c) Work certified (d) Contract price
4. Work certified is Rs.3, 00,000 cash received is 80%, and cash received is
   (a) Rs.3, 40,000 (b) Rs.2, 40,000 (c) Rs.2, 00,000 (d) Rs.2, 50,000
5. Normal loss is calculated at a certain percentage of
   (a)Units introduced in the process (b) Cost of input (c) Direct materials (d) Direct labor
6. Abnormal gain arises when
   (a)Actual loss is less than expected loss (b) Actual loss is more than expected loss
   (c)Actual loss is equal to expected loss (d) Affect Market value
7. In Reconciliation statement, depreciation overcharged in financial accounts is
   (a) Added to financial account (b) Deducted from financial profit
   (d) Deducted to cost account (d) Added to costing profit
8. In Reconciliation statement, Income shown only in financial accounts are
   (a) Added to financial account (b) deducted from financial profit
   (c)Deducted to cost account (d) added to costing profit
9. Direct Labor is an element of:
   (a) Prime cost (b) Conversion cost
   (c) Total production cost (d) Sunk cost
10 Work cost is the total of
   (a) Direct cost (b) Indirect cost
   (c) Controllable cost (d) Uncontrollable cost

Q.1.B.State whether the following statements are True or False :(Any 7) **(7M)**

1. Process costing is usefull for construction industry.
2. Fixed cost remains fixed irrespective of level of output.
3. Prime cost = Direct cost
4. Overheads include only fixed cost.
5. Notional interest on owner's capital appears only in financial profit and loss account.
6. Work uncertified is valued terms of contract price.
7. Retention Money = Payment received less work certified.
8. Cost of abnormal wastage of material in a contract is transferred to costing profit and loss account.
9. The cost of units of abnormal loss is credited to the process account.
10. When two or more inputs are used together to produce a product, such inputs are termed as joint products.

Q.2. Shane Wastan ltd. started a factory in Kalyan on 1st April 2020. Following detail are furnished about its activity during the year ended 31st March, 2021.

1. Raw Material consumed- 40000 Units @ Rs.7 per unit.

- **Direct Wages:**

a) Skilled Worker Rs.9 per unit
b) Unskilled worker Rs.6 per unit

- Royalty(on raw material consumed) @ Rs.3 per unit.

Work overheads @Rs.8 per machine hour.
Machine Hour worked: 25000 hours
Office overheads at 1/3rd of the work cost.
Sales Commission @ Rs.4 per unit

Units produced 40000.
Stock of units at the end: 4000 units to be valued at cost of production per unit.
Sales price is Rs.50 per unit.
Prepare cost sheet showing the various elements of cost both in total and per unit. (15m)

OR

Q.2. Following detail are furnished by Zuber ltd. of expense incurred during the year ended 31st March 2021. **(15M)**

Particular	Amount
Direct Wages	1,10,000
Purchase of Raw Material	2,40,000
Factory Rent	35,000
Cost of Catalogue	17,100
Sundry Expenses	18,500
Depreciation on plant and Machinery	19,000
Opening Stock of Raw Material	25,000
Repairs to office furniture	12,500
Carriage Outwards	25,650
Interest on Loans	12,700
Closing stock of Raw Material	15,000
Distribution of free samples	13,775
Audit Fees	11,500
Demonstration Expenses	13,300
Furniture loss by fire	8,000
Indirect Material	26,000
Office salaries	27,500
Store Keeper's Salary	9,000
Depreciation on office Equipment's	10,000
Commission of sales	15,675
Direct Expenses	90,000
Material Handling charges	11,000
Machinery Purchased	1,40,000

Q.3.A Firm's Trading and Profit and loss accounts was as following:

Particular	Amount	Particular	Amount
To Opening Stock	1,00,000	By Sales	1,75,000
To Purchase	80,000	By Closing Stock	80000
To Direct Wages	20,000		
To Factory Expenses	15,000		
To Gross profit c/d	400000		
	2,55,000		**2,55,000**
To Administrative Expenses	10,000	By Gross Profit	40,000
To Selling Expenses	15,000		
To Net profit	15,000		
	40,000		40,000

Costing records show the following:

a) Stock ledger closing balance Rs.89,000
b) Direct Labour Rs.23,000
c) Factory overheads Rs.13,000
d) Administrative overheads and selling expenses each are calculated at 8% of selling price.

Prepare costing profit and loss account and the statement of reconciliation between the profit and loss as per one set. **(15M)**

OR

Q.3. The following is the summary of the entries in a contract ledger as on 31st December, 2020 in respect of contract No.504

Particular	Amount
Material (Direct)	60,000
Material from stores	13,000
Wages	34,600
Direct Expenses	13,400
Establishment charges	16,000
Plant	68,400
Sale of Scrap	3,640

You are given the following information:

1) Accruals on 31.12.2020 are : Wages Rs.1,600 and Direct Expenses Rs.2,200
2) Depreciation on plant upto 31.12.2020 us Rs.17,100
3) Work Uncertified was Rs.9,000
4) Material on site on 31.12.2020 cost Rs.20,000
5) Work certified was Rs.1,25,000

Prepare contract account No.504 and show that profit and loss should be taken into account for the year ended 31.12.2020. **(15M)**

Q.4. A product passes through three processes A, B, and C. The normal wastage of each process is as follows: Process A-3%, Process B-5% and Process-8%. Wastage of Process A was sold at 25 paise per unit, that of process B at 50 paise per unit and that of process C at Rs.1 per unit.

Particular	Process A	Process B	Process C
Sundry Material	1,000	1,500	500
Labour	5,000	8,000	6,500
Direct Expenses	1050	1,188	2,009
Actual output (Units)	9,500 units	9,100 Units	8,100 Units

Prepare the process áccounts, assuming that there is no opening or closing stocks. **(15M)**

OR

Q.4. M/S XYZ & co. ltd. manufacturing a product which passes through three processes. The following particulars gathered for the month of March 2019.

Particular	Process X	Process Y	Process Z
Basic Materials introduced (Kgs)	800	416	336
Cost of Basic Raw Material per kg (Rs.)	96	90	35
Indirect Material (Rs.)	7,000	7,000	22,000
Direct Expenses (Rs.)	680	840	9,496
Wages (Rs.)	15,360	15,200	4,400
Overheads (%)	50% Wages	50% of wages	50% of wages
Normal loss (% on total input)	4%	5%	%
Sales scrap value per kg (Rs.)	-	Rs.6	-
Output transferred to next process (%)	50%	40%	-
Out transferred to warehouse (%)	50%	60%	100%

Prepare process Account. **(15M)**

Q.5.A. Explain abnormal loss and its accounting treatment in process account. **(8M)**

Q.5.B. Explain important term in contract costing. **(7M)**

OR

Q.5. Writ short note: **(any 3)** **(15M)**

a. Work certified

b. Distinguish between Variable cost and Fixed cost

c. Normal loss

d. Prime cost

XXXXXXXXXXXXXXX

Duration :- 21/2 Hours C21510OFA- III Marks :- 75

N.B.1. All the questions are compulsory with internal options.

2. Working notes from part of your Answer .

3. use only simple calculator is allowed .

4. Figures to the right indicates full marks.

Q.1. A. State whether the following statements are True or False (Any 8) **8 M**

1. In Fixed capital method drawings is Credited to Partners current A/c.
2. Partner's current account must always show a credit balance.
3. As- 14 deals with Amalgamation.
4. Realization Account is Real account..
5. General Reserves added in capital while calculating Excess capital.
6. Foreign Exchange Fluctuation Account is Nominal Account.
7. Machinery is Fixed Assets.
8. Advertisement Distributed in sales Ratio
9. Exchange rate is the proportion between two currencies.
10. AS 10 is applicable for translation of foreign currency.

Q.1. B.Fill in the Blanks with appropriate options [Any 7] **7M**

1. Assets after Depreciation and sales and purchase proceeds is ________
A. Wasting asset B. Gross Asset C. Net Asset D. None of the above
2. New Ratio – old Ratio = ________ratio.
A. Gain B. Sacrifice C. Capital Contribution D. Old profit sharing
3. Accounting Standard 14 Deals with
A. Amalgamation B. Absorption C. Reconstruction D. Conversion
4. Piece meal distribution is form of slow and gradual________ of a partnership firm.
A. Amalgamation B. Absorption C. Dissolution D. Creation
5. Loan is________ account.
A. Real B. Personal C. Nominal D. None of the above
6. Salary to Office Staff is transferred to________ account.
A. Realization B. Revaluation C. Profit & Loss D. Foreign Exchange Fluctuation
7. In partnership Firm Liability Of Partners ________
A. Limited B. Unlimited C. Limited upto the paid value of shares D. None of the above
8. If any Joined Policy Name of Firm _______ in Amalgamation
A. Ignored B. Sold for cash C. Distributed among partners D. Donated
9. Old Ratio- New Ratio - ________
A. Gain Ratio B. Capital Ratio C. profit Sharing Ratio D. Sacrifice Ratio
10. Rupees for India is ________ currency.
A. Home B. Foreign C. Reporting D. Counterfeit

Q.2 Mahesh and Ganesh were in partnership business sharing profits and losses in the ratio of Equally. As from 1.10.2017 they admitted jayeshinto partnership giving one-fourth of the profits. Jayeshbrought in Rs.1,20,000 in cash . The following trial balance was extracted from the books as on 31.3.2018. **15M**

Trial Balance as on 31.3.2018

Particular	Dr. Rs.	Cr. Rs.
Capital Accounts:		
Mahesh		3,00,000
Ganesh		2,00,000
Cash paid by Jayesh on 1.10.2017		1,40,000
Current Accounts:		
Mahesh		64,000
Ganesh		48,000
Jayesh		32,000
Drawings:		
Mahesh	68,000	
Ganesh	44,000	
Jayesh	36,000	
Purchases/Sales	11,20,000	18,60,000
Debtors/Creditors	82,400	
	1,48,000	
Instruments	1,44,000	
Bank Overdraft		56,000
Premises	2,40,000	
Computers	1,00,000	
Computers purchases on 31.3.2018	1,80,000	
Salaries & Wages	2,56,000	
Office & Trade Expenses	1,80,800	
Rent & Insurance	42,000	
Professional Fees	14,000	
R.D.D.		2,000
SBI Current A/c Balance	1,74,800	
Total	**28,50,000**	**28,50,000**

Additional Information:

1. Stock as on 31.03.2018 was valued at Rs.1,00,000.
2. Prepaid Insurance Rs. 2,000.
3. Reserve for doubtful debts is to be maintained at 10% on the Sundry debtors.
4. Depreciation on Instrument is to be charged at 10% p.a. and On Premises and Computers at 20%
5. Goods to the value of Rs.8,000 have been lost by fire.

OR

Q.2. Based on the following information prepare profit & loss account for the year ended 31" March 2019, and the Balance Sheet as on that date. Trial Balance of a partnership firm as on 31 March 2019 stood as under. **15**

Trial Balance as on 31 March 2019

Particular	Debit	Particular	Credit
Drawings:		Bank Loan	6,00,000
A	66,000	Loan from B	3,00,000
B	92,000	Advance Income	18,000
C	56,000	Capital:	
Land & Building	20,00,000	A	6,40,000
Machinery	10,00,000	B	5,40,000
Furniture	90,000	C	4,20,000
Sundry Expenses	84,000	Gross Profit	28,50,000
Rent	2,88,000	Bills Payable	52,000
Salaries	5,86,000	Interest on Investment	24,000
Advertisement	1,25,000	Discount Received	28,800
Carriage Outwards	45,000	Creditors	4,32,500
Insurance	18,000		
Salesman Commission	3,00,000		
Deposit	2,51,000		
Investment	4,00,000		
Cash and Bank	51,500		
Bills Receivable	1,23,5000		
Bad Debts	12,000		
	59,06,000		**59,06,000**

On 31" December 2018 C retired. Before her retirement the partners shared profits and losses in the ratio of 3:2:1. The following adjustments were to be incorporated upon retirement of C

1. Provide 10% Interest on capital .
2. Sales up to December 2018 was Rs.50,00,000 and thereafter there was a further sales of Rs.12,50,000.
3. Write off further Bad Debts Rs.36,000
4. Depreciate Machinery by 10% and Furniture by 15%.

Q. 3 A Following are the Balance Sheet of M/s M & N who share Profitsand Losses equally and M/s O& P sharing Profits and Losses in the Ratio of 2:1 **15 M**

Balance Sheets as on 31 March 2018

Liabilities	M & N	O& P	Assets	M & N	O& P
Creditors	50,000	48,000	Cash at Bank	44,000	54,000
Bills Payable	30,000	30,000	Investments	52,000	54,000
Bank Loan	30,000	14,000	Debtors	20,000	44,000
Mrs. O's Loan	10,000		Machinery	1,04,000	68,000
General Reserve	7,000	12,000	Goodwill	20,000	
Sinking Fund	8,000	6,000	Furniture & Fixtures	25,000	30,000
CAPITAL ACCOUNTS:			Building	60,000	
M	1,00,000				
N	90,000				
O		80,000			
P		60,000			
	3,25,000	**2,50,000**		**3,25,000**	**2,50,000**

Both the firm decided to amalgamate and form a new Firm by the name MNOP.
Following additional information is provided to implement the process of amalgamation.

1. Investment were taken over at 20% less than the Book Value for both the firms.
2. Machinery of M & N was to be appreciated by 15% & that of O & P be appreciated by 30%.
3. R.D.D. should be created at 10% on Debtors for both firms. Bad Debts for A & P were Rs.10,000.
4. The value of Goodwill was fixed at Rs.60,000 for each firm. Cash at bank was not taken over

The new firm took only creditors and bills payable of both the firms and the liabilities not taken over by the new firm were paid in full by the old firm.
You are required to prepare ledger account to close books of both the old firm and Prepare a Balance sheet of new firm.

OR

Q.3. RAM, LAKHAN and UMESH are partners sharing profit and losses in the ratio of 2:2: 1 On 30th June 2017 they decided to dissolve their firm when their Balance Sheet was as under: **15 M**

Balance Sheet as on 30.06.2017

Liabilities	Amount	Assets	Amount
Capital A/c:		Motor car	1,00,000
RAM	2,40,000	Building	2,00,000
LAKHAN	1,00,000	Plant	2,68,000
UMESH	3,00,000	Stock	1,23,000
P/L Account	1,00,000	Debtors	1,80,000
Loan from Ram	40,000	B/R	37,000
Sundry Creditors	1,60,000	Bank	12,000
		Deferred Revenue Expenditure	20,000
	9,40,000		**9,40,000**

Date	Realisation	Expenses
31st July	1,00,000	2,000
31st August	3,50,000	10,000
30th September	3,40,000	5,000
31st October	1,62,000	3,000

The realization and expenses of realization were stated below:

Prepare a Statement showing piecemeal distribution of cash as per excess capital method.

Q.4. Bali, Kali, Mali are partners sharing profits in the ratio of 2:2:1 respectively. They decided to decided to convert their partnership firm into a joint stock company companyby the name BKM Ltd. Following is the Balance Sheet on the date of conversion. **15 M**

Following is the Balance Sheet on the date of conversion.

Liabilities	Amount	Assets	Amount
Capital:		Land	1,50,000
Bali	2,00,000	Plant & Machinery	50,000
Kali	2,00,000	Motor Van	50,000
Mali	1,00,000	Furniture	10,000
Profit & Loss Account	25,000	Stock	1,20,000
Bills Payable	6,000	Sundry Debtors	1,05,000
Sundry Creditors	96,000	Investment	42,000
		Bank	1,00,000
	6,27,000		6,27,000

BKMLtd. took over the following assets and liabilities

Land	Rs. 1,90,000
Plant & Machinery at	Rs. 70,000
Furniture at	Rs. 14,000
Stock at	Rs. 1,50,000
Goodwill at	Rs. 60,000

1.Create 20% Reserve for Doubtful Debt.
2.The company has also agreed to take over Sundry Creditors atRs. 80,000.
3.The purchase consideration was discharged by the issue of sufficient number of Equity shares of Rs. 100 each fully paid up at par.
4.The firm sold investment for Rs. 60,000 and paid Bills payable fully.
5.Motor Van was taken over by Kali at Book value. The firm paid realization Expenses Rs. 20,000.
6.Purchase consideration was distributed amongst the partners as per their proportionate capital as at the end.

You are required to:

1. Calculate the Purchase Consideration
2. Close the books of old partnership firm
3. Prepare Balance Sheet of the New company as per the revised Schedule VI.

Q.4 Jai Hind Ltd. exported goods worth \$ 50,000 to Janny Ltd. 1.12.2016. The payment for the same is to be received in five equal monthly installments starting from 1" January 2017.

15 M

The exchange rate for 1 \$ was as follows:

Date	Exchange
01.12.2016	62.00
01.01.2017	62.00
01.02.2017	64.00
01.03.2017	68.00
31.03.2017	61.00
01.04.2017	60.00
01.05.2017	63.00

You are required to prepare:

1. Journal entries in the books of Jai Hind Ltd. for the above transactions.
2. Foreign Exchange Fluctuation Account.

Q.5. a) Define piecemeal distribution & Different Types of Liabilities **8 M**

b) Any eight Adjustment used in final Account **7 M**

OR

5. B. Write short Notes [Any 3] **15 M**

1. Partnership Deed
2. Purchase Consideration
3. Purchase consideration for conversion into joint Stock company.
4. Importance of amalgamation.
5. Realization Account

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