

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. If Direct Material = 12,000; Direct Labour = 8000 and other Direct Cost = 2000 then what will be the Prime Cost?

(a) 12000 (b) 14000 (c) 20000 (d) 22000

2. Drawing office salaries is a

(a) Factory overheads (b) Office overheads (c) Selling overheads (d) Distribution overheads

3. _____ is the amount for which contract is undertaken

(a) Work Certified (b) Contract price (c) Work uncertified (d) Contractee

4. Work Certified is valued at _____

(a) Market Price (b) Estimated Cost (c) Cost Price (d) Contract Price

5. Retention money is equal to _____

(a) Work Certified -- work Uncertified (b) Contract price -- Work Certified (c) Work Certified – payment received by contractor (d) Contract price + Work Certified

6. Normal loss is

(a) Controllable (b) Non-controllable (c) Ascertainable (d) Non-Ascertainable

7. Abnormal loss is calculated by

(a) Normal output – Actual output (b) Actual output – Normal output (c) Input – Normal output (d) Input – Actual output

8. Abnormal gain is

(a) Debited to process A/c (b) Credited to process A/c (c) Debited to P & L A/c (d) Credited to P & L A/c

9. In Reconciliation statement, expenses 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

10. In Reconciliation statement, closing stock overvalued in financial accounts is

(a) Added to financial account (b) deducted from financial profit (c) deducted to cost account (d) added to costing profit

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

(7M)

1. A cost sheet and income statement is one and the same

2. Cost of production = Factory overheads + Office overheads

3. Goodwill written off appears only in cost accounts

4. Contractee is person who takes the contract

5. The cost of units of abnormal loss is credited to the process account.

6. The sale value of residue etc. is credited to the process account.

7. Work certified is valued at cost.

8. Interest is shown in the cost sheet.

9. The combined total of labour and overheads is called prime cost.

10. Transfer to general reserve is credited to financial profit and loss account.

Q.2. Following details are furnished by K.K.Ltd of expenses incurred during the year ended 31st March 2021.

Particulars	Amt (Rs)
Direct Wages	1,10,000
Purchase of Raw Materials	2,40,000
Factory Rent	35,000
Cost of Catalogues	17,100
Sundry Expenses	18,500
Depreciation on Plant and Machinery	19,000
Opening Stock of Raw Materials	25,000
Repairs to office Furniture	12,500
Carriage Outwards	25,560

Interest on Loans	12,700
Closing Stock of Raw Materials	15,000
Distribution of Free Samples	13,775
Audit Fees	11,500
Demonstration Expenses	13,300
Furniture Loss by Fire	8,000
Indirect Materials	26,000
Office Salaries	27,500
Store Keeper's Salary	9,000
Depreciation on office Equipment	10,000
Commission of Sales	15,675
Direct Expenses	90,000
Material Handling Charges	11,000
Machinery Purchased	1,40,000

Other Information:

1. Stock of finished goods at the end 500 unites 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. (15M)

OR

Q.2. Work Out in Cost Sheet form the unit cost of production per ton of special paper, manufactured by a paper mill in December 2020 from the following data.

Direct Materials

- Paper Pulp -500 Tons @ Rs 50 Per Ton.
- Other Materials -100 Tons @ Rs 30 Per Ton.

Direct Labour.

- 80 Skilled Men @ Rs 3 Per Day for 25 Days.
- 40 Skilled Men @ Rs 2 Per Day for 25 Days.

Direct Expenses.

- Special Equipment Rs 3000
- Special Dyes Rs 1000
- Works Overhead @ 160% on Direct Wages.

Administration overhead @ 10% and Selling and Distribution Overhead @15% on Works cost. 400 tons of special paper manufactured and Rs 800 was Realised by the sale of waste material during the course of manufacture. The Scrape Value of the special equipment after utilisation in manufacture is Nil. (15M)

Q.3. Product X is obtained after it is processed through three distinct processes. The following information is available for the month of March 2014.

Particulars	Total	Process A	Process B	Process C
Material Consumed	22,500	10,400	8,000	4,100
Direct Labour	29,320	9,000	14,720	5,600
Production Overheads	29,320	-	-	-

2000 units at Rs 4 per Unit were introduced in process A .Production overheads to be distributed as 100% on direct labour. The actual output and normal loss of he respective processes are :

Processes	Output in Units	Normal loss on Inputs	Value of Scrap per Unit (Rs.)
Process A	1,800	10%	2.00
Process B	1,360	20%	4.00
Process C	1,080	25%	5.00

There is no stock or work in progress in any process. You are required to prepare Process Account. (15M)

OR

Q.3. Abad Chemicals Co. Ltd produced three types of chemicals during the month of March 2014 by three consecutive processes. In each process 2% of the total weight put in is lost and 10% is scrap. Scrap of Process I and Process II realise Rs 100 a ton and that of Process III Rs 20 a ton. The products of the processes are dealt with as follows.

Particulars	I	II	III
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Passed on the next process	75%	50%	-
Sent to Warehouse for Sale	25%	50%	100%
Details of Cos:			
Raw Materials Used : Tonnes	1,000	140	1,348
Rs.	1,20,000	28,000	1,07,840
Direct Wages	20,500	18,520	25,000
General Expenses	10,300	7,240	4,320

Prepare process cost Accounts showing cost per ton of each process.

(15M)

Q.4. Following is the summarised profit and Loss Account of M/s Star Manufacturing Co. Ltd. For the ended 31st Dec 2014.

Profit and Loss Account for the year ended 31st Dec 2014

Particulars	Rs	Particulars	Rs.
To Wages	1,51,000	By Sales (12,000 Units)	6,00,000
To Materials Used	2,74,000	By Closing Stock of Finished Goods (400 Units)	16,000
To Factory Expenses	83,000	By Closing Stock of WIP	12,000
To Expenses on Administration.	38,240	By Dividend Received	1,800
To Selling Expenses	45,000		
To Goodwill Written off	2,000		
To Preliminary Expenses Written off	4,000		
To Net Profit	32,560		
	6,29,800		6,29,800

In the cost Accounts:

1. Factory Expenses have been allocated to the production at 20% on prime Cost.
2. Expenses of administration at Rs 3 per unit produced.
3. Selling Expenses at Rs 4 per unit sold.

You are required to prepare Cost sheet of the company and reconcile the profits disclosed by Cost accounts and those shown by Financial Accounts.

(15M)

OR

Q.4. The Maharashtra Construction company undertook the construction of a building at a contract price of Rs 12,00,000. The date of commencement of contract was 1st April 2013.

The Following cost information is given for the year ended 31st March 2014.

Particulars	Rs.
Materials send to the site	3,00,000
Wages	4,40,000
Architect Fees	55,500
Office and Administrative Overheads	1,51,000
Uncertified Work	55,000
Materials at the site at the end of the year	10,000
Cash received from the contracted (Being 90% of the work certified)	9,45,000
Material destroyed by Fire	5000
Plant and Machinery at Cost. (Date of Purchase 1 st July 2013 . The estimated working life of the plant 10 years and its estimated scrap value at the end Rs 20,000)	2,00,000
Supervisors Salary	60,000

You are required to prepare a contract account for the year ended 31st March 2014.

(15M)

Q.5.A. Distinguish between work certified and work uncertified.

(8M)

Q.5.B. Explain the significance of process costing.

(7M)

Q.5. Write short note: (Any Three)

(15M)

- a. Prime Cost
- b. Abnormal loss
- c. Classification of cost
- d. Applicability of process costing.

XXXXXXXXXXXX