April-16

TYBCom Sem – VI

cost

Q.P. Code : 18295

(2½ Hours) [Total Marks : 75

N.B. : (1) **All** Question are **Compulsory**.
(2) **Figures** to the **right** indicate **full marks** allotted to the question.
(3) **Working** notes should form part of your **answer**.

1. (a) Select the most appropriate option and rewrite the full sentence (**Any 8**) : **8**

(1) Stores Ledger Control Account, accounts for ______.
- All Overhead incurred in process
- All Wages incurred in process
- All Purchases of materials for the stores and all Issue of materials
- None of these

(2) The objective of Standard Costing is to control cost through ______.
- Estimated Cost
- Standard Cost
- Variance analysis
- None of the above

(3) In Contract Costing, loss of material by fire is debited to ______.
- Costing P&L A/c
- Financial P&L A/c
- Contract A/c
- Contractee's A/c

(4) At Break Even Point, the Contribution is equal to ______.
- Variable Cost
- Administrative Cost
- Sales revenue
- Fixed Cost

(5) If the Input is 8,400 units, Normal loss 15% and Output 7,500 units, then Abnormal gain is ______ units.
- 700
- 300
- 360
- 400

TURN OVER

(6) Cost allocation bases in Activity-Based Costing should be ______.
- Cost drivers
- Cost pools
- Activity centres
- Resources

(7) The Standard Cost Card contains quantities and cost for ______.
- Direct material only
- Direct material and Direct labour only
- Direct labour only
- Direct material, Direct labour and Overheads

(8) In Contract Costing, Payment of Cash to the Contractor is made on the basis of ______.
- Uncertified work
- Work-in-progress
- Certified work
- Retention money

(9) Actual output is 25,000 units, Normal loss is 3,000 units, Abnormal loss is 2,000 units, the Input is ______.
- 20,000 units
- 15,000 units
- 30,000 units
- 18,000 units

(10) W I P Ledger balance shows ______.
- Cost of Finished work
- Cost of Unfinished work
- Cost of Materials
- None of the above

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

   (1) Marginal costing is a method of costing.
   (2) Abnormal loss in process is valued at scrap value.
   (3) Units produced at a process are not homogeneous.
   (4) The term 'Cost Driver' is used under traditional costing system.
   (5) The degree of completion of work is determined by comparing the work certified with cash received.
   (6) Selling & distribution overheads recovered are debited to Cost of Sales Account.
   (7) There is difference between notional profit and estimated profit, in relation to Contract.
   (8) The causal relationship is considered under Activity Based Costing System.
   (9) Standard Hour is not used while computing Labour Rate Variance.
   (10) Non-integrated accounts are based on Double Entry System of Book-keeping.

2. RK Ltd. provides you the following information for the month ended 31st January 2016 : **15**

Particulars		**Process**		
		N	P	A
Basic Raw Materials Introduced	(Kgs)	96,000	16,160	10,840
Cost of Basic Raw Material per kg.	(₹)	12	15	18
Indirect Materials	(₹)	1,32,400	1,67,120	1,73,860
Direct Wages	(₹)	6,80,000	7,60,000	7,40,000
Direct Expenses	(₹)	2,40,000	3,80,000	3,90,000
Production overheads	(₹)	2,82,000	2,50,000	2,70,000
Output tranferred to Next Process	(%)	70%	60%	-----
Output Sold at the end of the Process	(%)	30%	40%	100%
Selling Price per Kg.	(₹)	30	50	80
Normal Loss (% of total Kgs introduced in the process)		5%	8%	10%
Scrap Value per Kg	(₹)	5	10	15

Prepare Process Accounts.

TURN OVER

OR

2. M/s XYZ & Co. Ltd. manufactures a product which passes through three processes. The following particulars gathered for the month of March, 2016. 15

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

Prepare Process Accounts.

TURN OVER

3. Sealink Construction Company has undertaken three contracts during the year and following particulars are available as on 31-03-2016. **15**

Particulars	Contract X ₹	Contract Y ₹	Contract Z ₹
Contract Price	1,00,00,000	2,50,00,000	75,00,000
Materials issued to Contract	16,52,000	22,45,000	18,96,000
Labour	10,28,000	12,65,000	12,55,000
Sub Contract Charges	8,48,000	8,39,000	4,35,000
Architect's Fees	3% of Work Certified	3% of Work Certified	3% of Work Certified
Insurance Charges	30,000	61,000	74,000
Work Certified	40,00,000	50,00,000	50,00,000
Work Uncertified	3,50,000	4,00,000	2,50,000
Amount Received from Contractee	80% of Work Certified	90%of Work Certified	75% of Work Certified
Closing Stock of Materials	90,000	1,00,000	2,00,000

All Contracts were commenced during the current year. Total depreciation on plants amounted to ₹ 1,12,000 and allocate the same to all contracts in the ratio of work certified.

Prepare Contract Accounts, show the calculations of profits transferred to Profit & Loss A/c.

Calculation should be made to the nearest rupee.

OR

3. DSK Ltd. commenced a Contract on 1st April 2015. The total Contract Price was for ₹ 35,00,000 and it is likely to be completed on 31st December 2016. The actual expenditure upto 31st March, 2016 and subsequent estimated expenditure upto 31st December, 2016 are given below. 15

Particulars	Actual Expenditure upto 31-3-2016 (₹)	Estimated Expenditure from 01-04-2016 to 31-12-2016 (₹)
Materials Issued	9,20,000	6,37,000
Direct Labour	4,40,000	3,20,000
Sub Contract charges	20,000	30,000
Chargeble Expenses	1,20,000	1,70,000
Plant Purchased	3,00,000	-
Plant returned to stores at the end of the period (Original Cost)	1,00,000	2,00,000
Architect's Fees (% of Work Certified)	4%	4%
Work Certified (Cumulative)	20,00,000	35,00,000
Work Uncertified	50,000	-
Cash received	16,00,000	18,00,000

The Plant is subject to annual depreciation @ 20% p.a. on original cost. It was decided that the profit to be taken credit for should be that portion of estimated net profit to be realised on completion of the contract which the certified value of work as on 31st March, 2016 bears to the total contract price.

You are required to prepare Contract Account for the year ended 31st March, 2016 and show your calculation of profit to be credited to the Profit and Loss Account for the year ended 31st March, 2016. Calculation should be made to the nearest rupee.

TURN OVER

4. Following are the balances in cost ledger of a manufacturing company on 1st April. 2015. **15**

	Debit (₹)	Credit (₹)
Finished Stock Ledger Control A/c	4,580	
Factory Overhead Control A/c	1,020	
Work-in-Progress Control A/c	2,465	
Stores Ledger Control A/c	4,420	
Cost Ledger Control A/c		12,485

Following are the transactions for the month ending on 30th April, 2015.

	(₹)
Raw Material purchases	64,500
Materials issued to production	51,520
Factory wages	12,840
Factory overhead incurred	8,120
Indirect Labour	2,460
Factory overhead charged to production	11,600
Cost of sales	57,850
Sales Return at cost	1,000
Finished product at cost	67,500
Sales	60,000

Prepare following cost control accounts.

(i) Cost Ledger Control Account

(ii) Work in Progress Ledger Control Account

(iii) Finished Stock Ledger Control Account

(iv) Stores Ledger Control Account

(v) Cost of Sales Account

(vi) Works Overheads Control Account

(vii) Costing P&L Account

OR

TURN OVER

4. (a) Calculate Material and Labour Variances from the following data : **8**

Standard per 10 Units -

Materials	60 Kgs @	₹ 4 per Kg.
Labour	40 hours @	₹ 4 per hour.

Actual Production for the month 12,500 units.

Actual Material Price per Kg. ₹ 4.50.

Material used during the month 78,000 Kgs.

Direct labour hours worked 48,000 hours.

Actual Wages paid ₹ 1,68,000.

(b) The following information is available from records of a Company as at 31st March, 2015 and 2016. **7**

Particulars	**2015** ₹ **in Lakhs**	**2016** ₹ **in Lakhs**
Sales	1,500	2,000
Profit	300	500

Calculate :

(i) P/V Ratio

(ii) Fixed Cost

(iii) Break Even Sales in ₹

(iv) Sales required to earn Profit of ₹ 1,000 Lakhs

(v) Profit for sales of ₹ 2,000 Lakhs

(vi) Margin of Safety when sales is ₹ 1,000 Lakhs

5. (a) What do you understand by the term "Break Even Analysis" Enumerate its uses. **8**

(b) Define (1) Joint Product (2) By-Product. **7**

OR

5. Write short notes on **Any Three** : **15**

(1) Elements of Target Costing.

(2) Cost Ledger Control Account.

(3) Work Certified and Uncertified in Contract.

(4) P/V Ratio.

(5) Material Variances.

TURN OVER