Paper / Subject Code: 11105 / Financial Accounting & Auditing : Paper IX - Costing Accounting.

Time: $2\frac{1}{2}$ Hours **Marks: 75**

N. B. (1) All questions are **compulsory.**
(2) **Figures** to the **right** indicate **full marks**.
(3) Use of simple calculator is **allowed.**
(4) Working notes should **form part** of your answer.

Q1.A Fill in the blanks (Attempt any Eight) **(08)**

1. If the actual cost is more than standard cost variance is_______________
2. Contribution is equal to Sales - _______________
3. In____________system the Cost Accounts are distinct from Financial Accounts.
4. Value of the work certified but not paid is known as ______________money.
5. The first step in the process of benchmarking is ______________.
6. _______________ is the person for whom Contract job is undertaken.
7. Selling overhead recovered is credited to ___________________A/c.
8. Cost of material lost or destroyed is __________to the contract a/c.
9. ______________ loss is treated as cost of production.
10. ____________ cost is the amount by which total costs change if the output is changed by one unit.

Q1.B State whether the following statements are True or False (Attempt any seven) **(07)**

1. Break even point is the point at which total revenue is equal to total cost.
2. Invisible waste have sale value.
3. Uncertified work is not valued at cost.
4. The main purpose of Standard Costing is Cost Control.
5. Process Cost system is applicable to Paper mills.
6. Integrated accounting is also called as Interlocking accounting system.
7. In Contract costing each contract is a Cost Unit.
8. Traditional costing system are generally more accurate than ABC costing.
9. Marginal Costing is a method of costing.
10. Work in Progress ledger contains accounts of Individual jobs.

Q2. Ram Enterprises provides you the following information for the month of March 2019 about Process I,II and III. **(15)**

Particulars	Process I	Process II	Process III
Basic Raw Materials Introduced (Units)	30,000	5,050	3,780
Cost of Raw Materials per unit (Rs.)	15	18	22
Direct Expenses (Rs.)	1,50,000	1,70,000	1,90,000
Direct Wages (Rs.)	1,20,000	1,00,000	1,00,000
Indirect materials (Rs.)	8,100	9,205	6,560
Factory Overheads (Rs.)	1,13,100	1,19,345	87,740
Normal Loss (as % of total no. of units input)	4%	6%	8%

Scrap value per unit (Rs.)	5	7	10
Actual output (units)	28,500	23,700	16,500
Output transferred to Next Process(%)	70%	60%	-
Output Sold at the end of Process (%)	30%	40%	100%
Selling Price per Unit of the Output sold at the end of the Process (Rs.)	32	44	70

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

OR

Q2 B Ltd manufactures a chemical product which passes through three processes. The cost records shows the following particulars for the year ended 30th June,2018. **(15)**

Input to Process A 20,000 units @ Rs. 28 per unit.

Particulars	**Process A (Rs)**	**Process B (Rs)**	**Process C (Rs)**
Materials	48,620	1,08,259	1,03,345
Labour	32,865	84,553	77,180
Expenses	2,515	10,588	16,275
Normal Loss	20%	15%	10%
Scrap Value per unit	1	2	3
Actual Output (Units)	18,000	16,000	15,000

Prepare Process Accounts, Abnormal Gain/Loss Account, Also show process cost per unit for each process.

Q3. Mahesh Ltd. has undertaken two contracts viz A and B. The following particulars are available as on 31-3-2019: **(15)**

Particulars Date of Commencement	Contract A 1st July,2018 (Rs.)	Contract B 1st Dec.2018 (Rs.)
Contract Price	6,00,000	5,00,000
Materials sent to site	1,60,000	60,000
Materials returned	4,000	2,000
Closing stock if materials at site	22,000	8,000
Direct Labour	1,50,000	42,000
Direct Expenses	66,000	35,000
Establishment Expenses	25,000	7,000
Plant installed at site	80,000	72,000
Work uncertified	23,000	10,000
Work certified	4,20,000	1,35,000
Architect fees	2,000	1,000

During the year materials costing Rs.9,000 have been transferred from contract A to contract B, the Contractee charges depreciation @25% p.a. on plant.

You are required to prepare contract accounts, working for profits, if any, and show how the relevant items would appear in the Balance-sheet assuming that Contractee had paid 90% of the work certified.

OR

Q3. M/s. Rajendra construction obtained a contract to build a Fly-over Bridge at a contract price of Rs. 150 lacs. The contractee agrees to pay 90% of value of the work done as certified by the architect immediately on receipt of the certificate and to pay the balance on completion of the contract. The contractor commenced the work on 1st May 2017 and it is estimated to be completed by 31st December, 2018. The actual expenditure upto 31st March, 2018 and subsequent estimated expenditure upto 31st December, 2018 is furnished below: **(15)**

PARTICULARS	Actual expenditure upto 31-3-18 (Rs.)	Estimated expenditure from 1-4-08 to 31-12-18 (Rs.)
Direct Material	33,50,000	28,00,000
Indirect Material	5,60,000	7,00,000
Direct wages	8,42,000	7,95,000
Sub Contract charges	98,000	52,000
Architect fees	1,84,000	2,84,000
Administrative overheads	6,50,000	4,50,000
Special Equipment Charges	4,86,000	2,54,000
Supervision Charges	10,000 per month	12,000 per month .
Establishment Charge	8,000 per month	9,000 per month
Closing Material at site	4,10,000	-
Uncertified work	1,80,000	-
Certified Work (cumulative)	75,00,000	1,50,00,000

A special machinery costing Rs. 13,40,000 was bought for the contract and the estimated scrap value of the machinery at the end of the contract would be Rs. 1,40,000. It is decided that the Profit to be taken credit for should be that proportion of the estimated net profit to be realized on completion of the contract which the certified value of work as on 31st March, 2018 bears to the total contract price.

You are required to prepare the Contract A/c for the period ending 31st March, 2018 and show your calculation of the Profit to be credited to the Profit and Loss A/c for the period ended 31st March, 2018.

Q4 A From the following information Calculate: **(08)**

1. Profit volume Ratio. 2. Fixed Cost.
3. . Break Even Sales 4. Profit at Sales of Rs.30,00,000

Particulars	31-3-2018(Rs.)	31-3-2019(Rs.)
Sales	18,00,000	21,00,000
Profit	1,20,000	1,80,000

Q4.B A manufacturing concern which has adopted standard costing furnishes the following information: **(07)**

1) Standard Materials for 70 Kg finished products is 100 Kg.
2) Standard price of material Rs.1 per kg.
3) Actual output 2,10,000 Kgs
4) Actual Material used 2,80,000 Kgs.

5) Cost of Material Rs.2,52,000.

Calculate: 1) Material Cost Variance
2) Material Price Variance
3) Material Usage Variance.

OR

Q4. Costman Ltd maintains separate set of books for financial accounts and cost information is furnished for the year 2013 **(15)**

Particulars	Amount
Material Control A/c	60,000
Work-in-progress Control A/c	90,000
Finished Good Control A/c	1,40,000
Cost Ledger Control A/c	2,90,000
Transactions for the year are: Materials purchased	6,60,000
Materials issued as: Direct materials Indirect materials	 4,50,000 1,20,000
Wages paid allocated as: Direct cost Indirect cost	 2,70,000 90,000
Production expenses	2,40,000
Value of finished goods produced	10,80,000
Closing Stock of finished goods	1,20,000
Administration expenses	2,40,000
Selling expenses	1,80,000
Sales	18,00,000

Prepare necessary control accounts in the books of Costman Ltd.

Q5.A What are the advantages of Marginal Costing? **(08)**

B What is Product Life Cycle Costing ? Describe its Characteristics. **(07)**

OR

Q5 Write Short notes **(Answer any 3)** **(15)**

1. Labour variances.
2. Retention Money
3. Activity Based Costing.
4. Process Costing
5. Non integrated Cost Accounting System.

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