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

Please check whether you have got the right question paper.

N.B:
1. All questions are compulsory.
2. Figures to the right indicate full marks allotted to the question.
3. Working Notes should form the part of your answer.
4. Calculate figures upto two decimal points wherever required.

1 a) Select the most appropriate option and rewrite the full sentence. **(Any 8)** (08)

1) The difference between actual quantity and standard quantity, multiplied by standard price is the __________.
- Labour rate variance
- Labour efficiency variance
- Material usage variance
- Material price variance

2) Profit remaining as reserve is ________.
- Transferred to profit and loss A/c
- Deducted from W.I.P.
- Not taken into account in cost
- Debited to cost price of contract

3) Process output is 25,000 units, Normal loss 3,000 units, Abnormal loss is 2,000 units. The input is ______ units.
- 20,000
- 15,000
- 30,000
- None of the above

4) Cost drivers for customer order processing are ________.
- Order quantity
- Order Source
- Order value
- All of the above

5) Profit volume ratio of company is 40%, while its margin of safety is 40%, if sales volume of the company is Rs. 25,00,000, profit is Rs.________.
- 6,00,000
- 15,00,000
- 10,00,000
- 4,00,000

6) Normal output is equal to ________.
- Input-Normal Loss
- Input-Abnormal Loss
- Input-Abnormal Gain
- None of these

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7) Work certified is below 25% of the contract price, the transfer to profit and loss will be _____.
- $\frac{1}{3}$ of Notional profits x $\frac{\text{Cash Received}}{\text{Work Certified}}$
- $\frac{2}{3}$ of Notional Profit x $\frac{\text{Cash Received}}{\text{Work Certified}}$
- 100% Notional Profit
- NIL

8) Cost allocation basis in Activity Based Costing should be_____.
- Cost Pool
- Resources
- Activity Centres
- Cost Drivers

9) Process costing is applicable to _____.
- Repair work
- Paper Industry
- Transport company
- None of these

10) The balance of work in process account is equal to_____.
- The total manufacturing cost incurred during the period
- The total cost of the incomplete job
- The total cost of the jobs completed and sold
- The total cost of the jobs completed

B) State whether the following statements are True or False (Any 7) (07)
1) Indirect labour is debited to work-in-progress control account.
2) P/V ratio is improved by decreasing fixed cost.
3) Unit level cost occur once for each unit produced.
4) Material returned to stores is credited to contract account.
5) Material Transfer Note is a document which records the return of unused materials.
6) Sales value of Joint product is significant.
7) Contract costing is a technique of cost accounting.
8) When margin of safety decreases, then variable cost increases.
9) Cost ledger contains all impersonal accounts.
10) Life cycle costing is particularly important when there are significant non-production cost.

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2 Vivek Industries Ltd. is manufacturing a product which passess through three consecutive process i.e. Process X, Y and Z. The following figures have been taken from their books for the year ended 31st March, 2018 (15)

Particulars	Process X	Process Y	Process Z
Basic Raw Materials introduced (Units)	5,000	------	------
Rate of Basic Raw Materials per unit (Rs.)	400	-----	-------
Output during the year (Units)	4,250	3,750	3,250
Normal Loss (% on units introduced in each process)	10%	20%	15%
Scrap value per unit (Rs)	100	150	200
Process Stock:			
Opening (units)	750	1000	750
Closing (units)	500	750	500
Value of Opening Stock per unit (Rs)	550	850	1200
Materials (Rs)	4,00,000	3,63,500	4,71,000
Wages (Rs)	1,62,500	1,87,500	2,04,500
Manufacturing Overheads (Rs)	1,42,500	1,63,000	1,06,500

Closing stock is to be valued at respective cost of each process.

Your are required to prepare: a) Process Accounts b) Process Stock Accounts

OR

2 Chitra Ltd Manufactures a chemical product which passes through three processes. The cost record show the following particulars for the year ended 30th June, 2017. (15)

Input to process I – 40,000 units @ Rs. 28 per unit.

Particulars	Process I (Rs)	Process II (Rs)	Process III (Rs)
Material	97,240	2,16,518	2,06,690
Labour	65,730	1,69,106	1,54,360
Factory overhead	5,030	21,176	32,550
Normal Loss (% of unit introduced in each process)	20%	15%	10%
Scrap value per unit (Rs.)	1	2	3
Actual output during the year (units)	36,000	32,000	30,000

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

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3 Mohan Infrastructure Ltd. commenced a contract on 1st April 2016. The total contract price was for Rs. 25,00,000 and it is likely to be completed on 31st December 2017. The actual expenditure upto 31st March 2017 & subsequent estimated expenditure upto 31st December 2017 are as given below. (15)

Particulars	Actual Expenditure upto 31-3-2017 (Rs)	Estimate Expenditure Form 1-4-2017 to 31-12-2017 (Rs)
Materials issued	4,00,000	5,50,000
Labour Paid	4,20,000	2,60,000
Plant purchased	3,00,000	--------
Expenses paid	75,000	1,50,000
Expenses prepaid at end of the year	20,000	-----
Plant returned to stores (Original Cost)	1,00,000	2,00,000
Materials at site	20,000	50,000
Work certified	20,00,000	Full
Work uncertified	25,000	-----
Cash Received	16,00,000	Full

The plant is subject to annual depreciation @ 25% of original cost. It was decided that profit to be taken credit for should be that portion of the estimated net profit to be realized on completion of the contract which the certified value of work as on 31st March, 2017 bears to the total contract price.

Prepare Contract account for the year ended 31st March, 2017 and show your calculation of profit to be credited to the Profit & Loss Account for the year ended 31st March 2017.

OR

3 A firm of contractors commenced three contract viz. 'M', 'N', 'P' on 1st April, 2016, on 1st October, 2016 and on 1st January, 2017 respectively. The following particulars about above three contracts are obtained for the ended 31st March, 2017. (15)

Particulars	Contract 'M' (Rs)	Contract 'N' (Rs)	Contract 'P' (Rs)
Contract Price	12,00,000	3,75,000	3,75,000
Materials Issued	2,16,000	87,000	30,000
Direct Expenses paid	15,600	5,400	2,100
Wages paid	3,30,000	1,68,600	21,000
Direct Expenses Prepaid	1,800	600	300
Plant Installed	60,000	24,000	18,000
Materials at site at end of the year	12,000	6,000	3,000
Work Certified (% of contract Price)	50%	64%	14.4%
Cash Received (% of work certified)	75%	75%	75%
Work Uncertified	18,000	12,000	3,150
Wages outstanding	10,200	5,400	2,400

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The plant are installed on respective dates of the contracts and depreciation is to be provided at 10% p.a.
Prepare Contract M, N, and P Accounts and show the calculation of profit or loss transferred to Profit and Loss Account.

4 Following are the balances in cost ledger of a manufacturing company on 1st April. 2016. (15)

	Debit (Rs)	Credit (Rs)
Store Ledger Control A/c	6,000	
Work-in-Progress ledger control A/c	9,000	
Finished Stock Ledger Control A/c	14,000	
Cost Ledger Control A/c		29,000

Transactions of the year ended 31-03-2017

	(Rs)
Materials Purchases	66,000
Materials issued to as: Direct materials	45,000
Indirect materials	12,000
Wages paid allocated as: Direct cost	27,000
Indirect Cost	9,000
Production expenses	10,800
Administration expenses	24,000
Selling expenses	18,000
Value of finished goods produced	1,08,000
Closing stock of Finished goods	12,000
Sales	1,80,000

Prepare:
1) Cost Ledger Control A/c
2) Store Ledger Control A/c
3) Work-In-Progress Ledger Control A/c
4) Finished Goods Ledger Control A/c
5) Factory Overhead Control A/c
6) Costing P&L A/c

OR

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4 A) From the following information, calculate: (08)

1) Profit Volume Ratio
2) Sales and marginal cost of sales
3) New B.E.P. in units & in Rs. If selling price is reduced by 10%
4) Profit at sales Rs 60,000

Fixed Cost	Rs. 8,000
Break even sales	Rs. 40,000
Profit	Rs. 2,000
Selling price	Rs. 40 per unit

B) From the following information, Calculate: (07)

i. Material Cost Variance
ii. Material Price Variance
iii. Material Usage Variance

Materials	Standard		Actual	
	Units	Price P.U.	Units	Price P.U.
A	300	Rs. 3	320	Rs. 4.00
B	400	Rs. 5	480	Rs. 4.50
C	500	Rs. 4	420	Rs. 5.00

5 a) What are the advantages of marginal costing? (08)

b) Distinguish between Joint Product and By-Product. (07)

OR

5 Write short notes on **any three** of the following. (15)

a) Activity Based Costing
b) P/V Ratio
c) Abnormal Loss
d) Stores Ledger control Account
e) Work Certified.

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