TYBCom/ Sem VI / Costing Accounting - 35
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Q.P. Code : 03185

[Time : 2½ Hours] [Total Marks:75]

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 Eight) 8

1. Normal loss in process is ________.
   - Controllable
   - Non-controllable
   - Ascertainable
   - None of the above
2. Under Marginal Costing, cost is classified on the basis of______
   - Function
   - Behavior
   - Elements
   - None of these
3. A process gives rise incidentally to an item of low value, called as______.
   - Joint product
   - Scrap
   - By-product
   - Waste
4. In Contract, Cash received is equal to________.
   - Work certified - retention money
   - Contract price
   - Work certified + work uncertified
   - Contract price - work certified
5. The balance of Finished Goods Ledger Control Account represents_______.
   - Cost of WIP
   - Cost of Goods sold out
   - Cost of Goods remaining unsold
   - None of the above
6. Variance should be stated in _____
   - Money terms
   - Grade
   - Quantity
   - None of the above
7. ________is not a batch-level activity.
   - Engineering changes
   - Material handling
   - Equipment Set ups
   - Inspection
8. Retention money is equal to_______.
   - Work certified less work uncertified
   - Contract price less work certified
   - Work certified less payment received by contractor
   - Work certified plus work uncertified
9. In non-integrated cost accounting system WIP ledger balance shows______
   - Cost of finished work
   - Cost of unfinished work
   - Cost of material
   - None of the above
10. Activity Based Costing is a ______.
   - Method of costing
   - Method of allocation
   - Technique of costing
   - All of the above

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

1. Work certified is valued in terms of contract price.
2. Abnormal loss is controllable.
3. Cost variance is favourable when actual cost is less than standard cost.
4. Sales value of Joint Product is insignificant.
5. Contract costing is a form of process costing.
6. The role of contribution is negligible in fixing prices.
7. Activity Based Costing can only be used to allocate factory overhead.
8. Stores ledger relates to receipt and issue of raw materials.
9. Cost of sales account shows total selling and distribution overheads recovered.
10. Marginal costing is a technique of costing.

2. A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April 2016 and the following data are available for year ended 31st March, 2017. 15

	₹
Contract Price	3,50,00,000
Work Certified	2,00,00,000
Cash Received	1,50,00,000
Materials issued to site	75,00,000
Planning and estimating expenses	10,00,000
Direct wages paid	40,00,000
Materials Returned from site	2,50,000
Plant hire charges	17,50,000
Wages related cost	5,00,000
Site office cost	4,78,000
Sub Contract Charges	1,00,000
Other Indirect expenses incurred	1,00,000
Head office expenses apportioned	3,75,000
Direct expenses incurred	9,02,000
Uncertified work	1,49,000
Architect's Fees	4% on work certified

The Contractor owns a Plant which originally cost ₹ 20,00,000 has been continuously in use in this contract throughout the year. The Residual value of the plant after 5 years of life is expected to be ₹5 Lakhs. Straights line method of depreciation is in use.

As on 31st March, 2017, the direct wages due and payable amounted to ₹ 2,70,000 and the Materials at site were estimated at ₹ 2,00,000.

You are required to prepare :

a) Contract Account for the year ended 31st March, 2017.

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b) Show the calculation of profit to be taken to the Profit and Loss Account for the year.

c) Show the relevant items in Balance Sheet.

OR

2. Three contracts A, B and C commenced on 1st April 2016, 1st Oct. 2016 and 1st Jan. 2017 respectively were taken by XYZ Ltd. and their accounts on 31st March, 2017 showed the following position. **15**

Particulars		Contract A	Contract B	Contract C
Contract Price	₹	16,00,000	10,80,000	12,00,000
Raw Materials issued	₹	2,88,000	2,32,000	80,000
Wages paid	₹	4,40,000	4,49,600	56,000
General Expenses	₹	16,000	11,200	4,000
Plant Installed	₹	80,000	64,000	48,000
Materials in hand at end of the year	₹	16,000	16,000	8,000
Wages outstanding at end of the year	₹	16,000	16,000	7,200
Work finished but not certified	₹	24,000	32,000	8,400
Cash Received (75% of work certified)	₹	6,00,000	4,80,000	1,08,000

The Plant was installed on the date of commencement of each contract and depreciation is to be taken at 10% p.a.

Prepare Contract accounts for the year ended 31-3-2017.

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(7)

3. M/s Alka Chem Enterprises provides you the following data for the month of March, 2017 about Process I, II and III. **15**

Particulars	Process		
	I	II	III
Basic Raw Materials introduced (Units)	54,000	9,468	10,350
Cost of Basic Raw Material per unit (₹)	5	6	7
Wages (₹)	1,56,000	1,08,000	90,000
Factory Overheads (₹)	91,320	44,622	46,980
Normal loss (% on total number of units input)	6%	5%	4%
Scrap Value per unit (₹)	3	4	5
Output transferred to next process (%)	70%	60%	___
Output sold at the end of the process (%)	30%	40%	100%
Selling price per unit of the output sold at the end process (₹)	20	26	30

You are required to prepare Process accounts.

OR

3. Shyam Industries Ltd. is manufacturing a product which passes through three consecutive processes, Process I, Process II and Process III. The following figures have been taken from their books for the Month ended 31st March, 2017. **15**

Particulars	Process		
	I	II	III
Basic Raw Materials at ₹10 per kg. (kgs.)	25,000	___	___
Output during the month (kgs.)	24,000	23,200	22,250
Process materials (₹)	1,50,000	2,70,000	3,50,000
Direct wages (₹)	1,20,000	1,89,000	2,10,000
Factory overheads (₹)	1,18,000	1,87,080	1,73,120
Normal loss (% on Input)	2%	4%	4%
Scrap value per 100 kgs. (₹)	200	300	500

You are required to prepare Process accounts, Normal loss account, Abnormal Gain account and Abnormal loss account.

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4. The following balances are extracted from a company's ledger as on 1st April, 2016 **15**

Particulars	Debit (₹)	Credit (₹)
Stores ledger control account	50,000	
WIP control account	12,000	
Finished stock control account	25,000	
Cost control account		87,000
	87,000	87,000

Transaction for the year 2016-17:	₹
Factory overheads allocated to WIP	11,000
Finished goods at cost	36,000
Raw materials purchased	22,000
Direct wages allocated to WIP	8,000
Raw materials issued to production	16,000
Cost of goods sold	41,000

You are required to prepare :

1) Cost ledger control account
2) Finished stock control account
3) WIP control account
4) Stores ledger control account
5) Cost of sales account

OR

4. (a) Following information is available in respect of A Ltd. And B Ltd. **8**

	A Ltd.(₹)	B Ltd. (₹)
Sales	22,00,000	28,00,000
Variable Cost	17,60,000	21,00,000
Profit	2,40,000	4,00,000

Calculate :

1) P/V Ratio of both companies
2) Fixed Cost of both companies
3) Break Even Point of both companies
4) Sales to earn profit of ₹ 4,20,000 by each company

(b) From the following, Calculate Material Usage Variance, Material Price Variance, Labour Rate Variance and Labour Efficiency Variance. **7**

Standard for 8 Units of Product 'X' :

Material : 28 kgs@ ₹12 per kg.

Labour : 20 hours@₹10 per hour

Actual production 21,000 Units

Actual Material used 74,000 kgs.

Actual Rate ₹11. 80 per kg.

Actual hours worked 55,000

Actual wages paid ₹6,05,000

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5. (a) What are the advantages of Marginal Costing? 8

(b) Explain elements of Target Costing. 7

OR

5. Write short notes on any three of the following: 15

a) Life Cycle Costing
b) Types of Benchmarkings
c) Profit on Incomplete Contract
d) Labour Variance
e) By-Product