

# TYBcom VI

## Cost

Q.P. Code :03183

[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) \_\_\_\_\_ is a person for whom contract job is undertaken.
    - Contractee
    - Contractor
    - Sub contractor
    - Job worker
  - 2) Cost driver for personnel are \_\_\_\_\_
    - Recruitment Activity
    - Industrial Relations climate
    - Training requirements
    - All of the above
  - 3) A company has a sales of ₹4,00,000, P/V ratio is 20% and Fixed cost is ₹30,000, the profit will be \_\_\_\_\_
    - ₹ 50,000
    - ₹ 40,000
    - ₹ 70,000
    - ₹ 80,000
  - 4) Cost ledger contains \_\_\_\_\_
    - Factory overhead control account
    - Wages control account
    - Stores ledger control account
    - All the above
  - 5) When a contract work is completed to the extent of 20% of the contract price, profit to be credited to P & L A/c is \_\_\_\_\_
    - Nil
    - Full amount
    - 1/3 of profit
    - 2/3 of profit
  - 6) An interlocking book keeping system is a \_\_\_\_\_
    - A single combined system containing both cost accounting and financial accounting records
    - A system combining cost accounting and management accounting
    - A system with high secured access
    - A system where separate accounts are kept for cost accounting and financial accounting
  - 7) Cost of a contract is determined by preparing \_\_\_\_\_
    - Cost sheet
    - Profit & Loss Account
    - Balance Sheet
    - Separate Ledger Account
  - 8) Total cost incurred is ₹69,920, scrap value of Normal loss ₹1,520 Input 1900 units, Normal loss 190 units, Abnormal loss is 30 units. Cost of Abnormal loss is \_\_\_\_\_
    - ₹ 1900
    - ₹ 1200
    - ₹ 1500
    - ₹ 2000

TURN OVER

9) The Standard hourly rate was ₹4. The actual rate was ₹3.50, The labour rate variance was ₹24,000 favourable. The actual labour hours were \_\_\_\_\_

- 48000
- 46000
- 49000
- 52000

10) Abnormal Gain is equal to \_\_\_\_\_

- Actual output – Normal output
- Actual output – Input
- Normal output – Actual output
- Input- Actual output

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

- 1) P/V Ratio is improved by decreasing variable cost.
- 2) In Target Costing, wasteful activities are eliminated.
- 3) If cash received from contractee is 80% of work certified, then the retention money will be 25%.
- 4) Direct wages are debited to Cost ledger control account.
- 5) Normal loss in process costing is controllable.
- 6) Standard costing is method of costing.
- 7) Activities form the basis of ABC System.
- 8) Standard costs are expressed on a per unit basis.
- 9) When selling price is at cost, then contribution = Fixed cost.
- 10) Sales value of Joint product is significant.

2.

A Chemical Company submits the following information in respect of its product which passes through three consecutive processes viz A, B & C for the Month of Jan 2017

Particulars	Process		
	A	B	C
Basic Raw Materials at ₹30 per kg.	60,000 kgs.	—	—
Process Materials (₹)	2,00,000	5,07,500	3,85,000
Direct labour (₹)	2,00,000	1,45,000	3,00,000
Machine Expenses (₹)	80% of Direct labour	150% of other Factory overheads	1,60,000
Other Factory Overheads (₹)	1,84,000	2,25,000	97,000
Normal loss %	20%	30%	40%
<u>Stock and Process Output</u>			
On 31-01-2017 (kgs)	7500	6000	3000
On 01-01-2017 (kgs)	6000	5000	4000
Scrap Value per kg. (₹)	12	14	16
Value of Opening Stock per kg. (₹)	29	70	145
Output during the month (Kgs)	46,500	31,000	19,000

Closing stock is to be valued at respective cost of each process during the month.  
You are required to prepare Process accounts and Process Stock accounts.

OR

TURN OVER

2. Parth Ltd. provides you the following information about their processes for the year ended 31<sup>st</sup> March, 2017 15

Particulars	Process X	Process Y	Process Z
Raw Materials introduced (In Units)	15,000	4,600	4,000
Cost of Raw Materials per unit (₹)	40	48	55
Output during the year (Units)	14,000	12,000	8,800
Output transferred to next process (%)	60%	50%	.....
Output sold at end of the process (%)	40%	50%	70%
Output transferred to Finished Stock (%)	.....	.....	30%
Normal loss (% of total input introduced in each process)	5%	8%	10%
Scrap value per unit (₹)	15	35	55
Direct labour (₹)	3,60,000	3,20,000	2,87,000
Direct Expenses (₹)	30% of Direct wages	40% of Direct wages	50% Direct wages
Manufacturing Expenses (₹)	1,54,500	1,12,720	94,500
Selling price per unit of output sold (₹)	94	118	163

Prepare X, Y & Z Process accounts.

3. Radha Constructions Pvt. Ltd. obtained two contracts viz Contract P and Q. Contract P commenced on 1st April 2016 and Contract Q commenced on 1st June 2016. Following information extracted from their books for the year ended 31st March 2017. 15

Particulars	Contract P	Contract Q
Materials issued (₹)	44,50,000	49,50,000
Direct wages (₹)	27,40,000	32,35,000
Direct expenses (₹)	12,33,000	9,47,500
Architect's fees (%)	4% on work certified	4% on work certified
Sub Contract charges (₹)	7,33,500	4,54,700
Administrative overheads (₹)	32,47,500	37,48,000
Plant issued at commencement (₹)	50,00,000	60,00,000
Contract Price (₹)	2,50,00,000	3,00,00,000
Cash received (80% of work certified) (₹)	90,00,000	1,44,00,000
Materials at site (₹)	4,00,000	7,00,000
Materials returned to stores (₹)	30,000	1,00,000

In the month of Jan. 2017, Material costing ₹45,000 have been transferred to Contract P from Contract Q. Provide depreciation @ 20% p.a. on original cost of plant.

Prepare Contract Accounts for the year ended 31st March, 2017.

OR

TURN OVER

4

3. Prepare the Contract Accounts and Contractee's Accounts from the following information relating to a contract for ₹60,00,000, the contractee paying 80% of the value of work done as certified by the architect and the balance on completion 15

Particulars	Years		
	2014-15	2015-16	2016-17
Materials issued (₹)	7,20,000	8,80,000	5,04,000
Direct wages (₹)	6,24,000	7,95,200	6,20,800
Direct Expenses (₹)	28,000	1,00,000	36,000
Indirect Expenses (₹)	12,000	16,000	Nil
Work certified (Cumulative) (₹)	14,00,000	45,20,000	60,00,000
Architect Fees	4% of work certified	4% of work certified	4% of work certified
Work done but yet to be certified (₹)	Nil	80,000	Nil
Plant at commencement (₹)	80,000	Nil	Nil
Plant at the end of the year (₹)	64,000	40,000	16,000

4. Cost ledger of a company shows the following balances as on 1st April, 2016 15

Particulars	Debit (₹)	Credit (₹)
Finished stock ledger control account	6,840	
WIP ledger control account	27,400	
Stores ledger control account	10,500	
Cost ledger control account		44,740
	44,740	44,740

Transactions for the year 2016-17 are as below:

Direct wages	₹ 88,400
Works overheads allocated to production	29,500
Stores issued to production	87,500
Goods finished during the year	2,30,000
Finished goods sold (No stock left at the year end)	2,75,000
Stores purchased	97,500
Stores issued to factory repairs only	1,500
Carriage inwards on stores issued for production	600
Works expenses	24,500
Office & Administrative expenses	6,500

You are required to prepare:

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

OR

TURN OVER

5

4. a) Margin of safety is ₹8,00,000 which is 40% of total sales and Profit Volume Ratio is 30%.  
From the above, Calculate:

- 1) Total Sales
- 2) Profit on present sales
- 3) Sales to earn profit ₹3,00,000
- 4) Fixed Cost.

- b) From the following information, Calculate:

- 1) Material Cost Variance
- 2) Material Price Variance
- 3) Material Usage Variance

Standard cost for 100 units	800 Kgs
Standard rate per Kg.	₹ 6.40
Actual Production	45,000 units
Actual Material used	3,50,000 Kgs
Actual Material cost	₹ 22,05,000

5. (a) Explain the steps in implementation of the Target Costing Process.  
(b) What are the advantages of Standard Costing?

OR

5. Write Short Notes on any three.

- 1) Stores Ledger Control Account
- 2) Margin of Safety
- 3) Activity Based Costing
- 4) Material Price Variance
- 5) Abnormal Loss in process

TURN OVER