Duration 02hrs 30 mins Marks 75

Please check whether you have got the right question paper.

N.B:

1. All questions are compulsory.
2. All questions carry 15 marks.
3. Figures to the right indicate full marks.
4. Use simple calculator.
5. Working should form part of answer.

Q1 (A) Fill in the blanks with suitable words. (Any eight) (8)

i. Sale of scrap is ………………………………to contract account
ii. Depreciation on Factory Assets is ……………………………………….. Cost.
iii. ……………………………… expenses are not recorded in cost account.
iv. Cost of Sales = Cost of goods sold + …………………………………………….
v. The portion of finished work for which a completion certificate had been received from architect or surveyor is called as ………………………………….
vi. …………………………………………is the consideration for which a contract is undertaken.
vii. Any loss arising in excess of the margin permissible for the normal loss is regarded as…………………………………….
viii. The output of final process is transferred to ………………………………..account.
ix. The abnormal gain is ……………………………to process account.
x. The party or the person who has assigned the contract to the contractor is called ……………………………..

Q1 (B) Write the following sentences stating whether these are true of false.(Any seven) (7)

i. Process costing is useful for construction industry.
ii. Coconut is not the basic input material for sugar factory.
iii. Abnormal loss is also called as unavoidable loss.
iv. Contract costing is a type of job costing.
v. Special plants are used for a specific contract.
vi. Notional rent is debited to profit and loss account.
vii. Goodwill written off is not taken in cost account.
viii. Indirect material is a part of prime cost.
ix. Variable cost remains fixed per unit of output.
x. Fixed cost remains fixed irrespective of level of output.

Q2 A). A product passes through three processes. The output of each process is treated as the raw material of the next process to which it is transferred and output of the third process is transferred to finished stock. 10,000 units have been issued to the Process-I and other details are as under- (15)

	Process-I	Process-II	Process-III
Materials issued	40,000	20,000	10,000
Labour	6,000	4,000	1,000
Manufacturing overhead	10,000	10,000	15,000
Output (Units)	9750	9,400	8,000
Normal Loss	2%	5%	10%

No stock of materials or of work-in-process was left at the end. Prepare Process-I, Process-II and Process-III Account.

OR

Q2B).Pappu Limited processes Product Z through two distinct processes – Process- I and Process- II. On completion, it is transferred to finished stock. From the following information for the year 2016-17, prepare Process- I, Process- II and Finished Stock A/c. (15)

Particulars	Process- I	Process-II
Raw materials used	7,500 units	-
Raw materials cost per unit	Rs60	-
Transfer to next process/finished stock	7,050 units	6,525 units
Normal loss (on inputs)	5%	10%
Direct wages	1,35,750	1,29,250
Direct Expenses	60% of Direct wages	65% of Direct wages
Manufacturing overheads	20% of Direct wages	15% of Direct wages
Realisable value of scrap per unit	12.5	37.5

6,000 units of finished goods were sold at a profit of 15% on cost. Assume that there was no opening or closing stock of work-in-process.

Q3A) Manavi Construction Ltd. commenced a contract on April 1, 2015. The total contract was for Rs49,21,875. It was decided to estimate the total profit on the contract and to take to the credit of Costing Profit and Loss A/c that proportion of estimated profit on cash basis, which work completed bore to total contract. Actual expenditure for the period April 1, 2015 to March 31, 2016 and estimated expenditure for April 1, 2016 to September 30, 2016 are given below:

(15)

	April 1, 2015 to March 31, 2016 (Actual) Rs	April 1, 2016 to Sept 30, 2016 (Estimated) Rs
Materials issued	7,76,250	12,99,375
Wages : Paid	5,17,500	6,18,750
Prepaid	37,500	-
Outstanding	12,500	5,750
Plant purchased	4,00,000	-
Expenses : Paid	2,25,000	3,75,000
Outstanding	25,000	10,000
Prepaid	15,000	-
Plant returns to store (Historical Cost)	1,00,000	3,00,000
	(30th September, 2015)	(30th September, 2016)
Work certified	22,50,000	Full
Work uncertified	25,000	-
Cash received	18,75,000	-
Materials at site	82,500	42,500

The plant is subject to annual depreciation @ 25% on written down value method. The contract is likely to be completed on September 30, 2016. Prepare the Contract A/c for the year ended 31st March, 2016 and determine the estimated profit on the contract.

OR

Q3 Sasmira Construction Company Ltd. took a contract for 60,00,000 expected to be completed in three years. The following particulars relating to the contract are available: (15)

	2014	2015	2016
Materials	6,75,000	10,50,000	9,00,000
Wages	6,20,000	9,00,000	7,50,000
Transportation cost	30,000	90,000	75,000
Other expenses	30,000	75,000	24,000
Cumulative work certified	13,50,000	45,00,000	60,00,000
Cumulative work uncertified	15,000	75,000	-

Plant costing 3,00,000 was bought at the commencement of the contract. Depreciation was to be charged at 25% per annum, on the written down value method. The contractee pays 75% of the value of work certified as and when certified, and makes the final payment on completion of the contract.
You are required to make a contract account for three years and total estimated profit/ loss from the contract.

Q4A) From the following particulars of Geeta Ltd prepare a reconciliation statement:- (15)

	Amt (Rs)
Net Profit as per financial records	154506
Net Profit as per costing records	206880
Works overheads under recovered in costing	3744
Administrative Overheads recovered in excess in costing	2040
Deprecation charged in financial accounts	13440
Depreciation recovered in Cost Accounts	15000
Interest received but not included in Cost Accounting	9600
Obsolescence loss charged in financial records	6840
Income tax provided in financial books	48360
Bank interest credited in financial books	900
Stores adjustment credited in financial books	570
Depreciation of stock charged in financial books	8100

OR

Q4B) From the following information of Varad Ltd prepare detailed cost statement for the year ended 31/3/2017. (15)

Particulars	Rs.
Opening stock - Raw materials	20,000
- Finished goods	30,000
Purchase of Raw Materials	15,00,000
Direct wages	12,00,000
Power	99,500
Carriage on purchase of Raw materials	20,000
Cost of a special design	50,000
Custom duty and Octroi on Raw materials	60,000
Rent & Rates- Office	50,000
- Factory	70,000
Telephone exp.	30,000
Advertisement	75,000
Electricity - Office	15,000
- Factory	30,000
Machinery lost in fire	1,00,000

Depreciation - plant & machinery	80,000
- Delivery van	20,000
Income Tax	1,20,000
Salaries	2,50,000
Donations	70,000
Establishment exp.	1,00,000
Rent of Showroom	65,000
Interest on Loan	45,000
Sale of factory scrap	7,500
Dividend received	17,500
Directors fees	60,000
Mailing charges of sale Literature	10,000
Closing stock - Raw materials	1,85,000
Finished goods	30,000

Other Information:

60% of telephone expenses relate to office and 40% to sale Department.

Salaries to be allocated to the factory, office and sales department in the ratio of 1:2:1.

Establishment expenses are to be apportioned equally between office and sales department.

Sales are made to earn profit @ 20% on selling price.

Q5 (a) Explain the significance of process costing. (8)

(b) Distinguish between Work rectified & Work uncertified (7)

Or

Q5 Short Notes (Any three, five marks each) (15)

i. Indirect cost
ii. Normal loss
iii. Process cost
iv. Variable cost
v. Contract price

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