A3CA1019

Duration: 2 ½ hrs **Marks: 75**

Note: 1. All questions are compulsory
2. Figures to the right indicate full marks.

Q1 (a) Multiple choice questions:[Any 8] (08)

1. Prime cost is___________________
   a) All Costs incurred in manufacturing a product b) Total of direct costs
   c) Material cost of product d) Cost of operating a department
2. In cost accounting CPU stands for
   a) Cost per unit b) Cost profit unit
   c) Central processing unit d) Control per unit
3. Dividend paid is which type of cost
   a)Administrative expenses b)Selling expenses
   c)Direct Cost d)Not included in cost sheet
4. When overheads recovered in costing are more than actual overheads
   Incurred It is called as_____________overhead.
   a) Under absorption b) Over absorption
   c) Proper absorption d) None of the above
5. Which of the following items is included in lost accounts?
   a) National rent b)Rent receivables
   c) Transfer to general reserve d) None of the above
6. Process costing is applicable to
   a)Paper industry b)Transport industry
   c)Printing press d)Repair works
7. Contract Costing is a basic method of
   a) Historical Costing b) Specific order Costing
   c) Process costing d) Standard costing
8. Notional profit is equal to
   a)Work certified less cost of work certified
   b) Work certified less cost of work Completed
   c)Payment received less work Certified
   d)None of the above
9. Process cost is based on the concept of
   a) Average cost b) Marginal Cost
   c) Standard Cost d) Differential Cost
10. Abnormal gain arises if,
    a)Output quantity is more than input quantity b)There is reduction in normal loss
    c)Abnormal loss is avoided d)None of the above

Q2. b State True or False [Any 7] (07)

1. Unproductive labour is a direct cost.
2. Selling and distribution O.H’s are incurred on the cost of production
   of goods produced.

3. Interest is shown in the cost sheet.
4. A cost sheet and income statement is one and the same.
5. Dividend paid is a financial income.
6. Closing stock undervalued in financial accounts is added in financial Profit for reconciliation.
7. Cost of abnormal wastage of materials in a contract is transferred to the costing P/L A/c.
8. National profit is different from estimated profit.
9. Normal loss is shown on the credit side of process account.
10. The sale value of units of abnormal loss is credited to the abnormal loss account.

Q2. From the following details prepare Cost Statement. **(15)**

Particulars	**Amt**
Opening stock of Raw materials	72, 000
Machinery (original cost)	80, 000
Printing and Stationary	20, 000
Bank interest received	14, 000
Direct Wages	35, 000
Raw materials purchased	80, 000
Office expenses	26, 000
Depreciation on Machinery	8, 000
Commission on Sales	23, 000
Opening stock of finished goods	80, 000
Closing stock of Raw materials	35, 000
Sale of scrap	12, 000
Advertisement expenses	19, 000
Closing stock of finished goods	25, 000
Sales	4, 23, 500

OR

Q2. The following information is available from cost and financial accounts in respect of Progressive Co. Ltd for the year ended 31st December, 2013. You are required to prepare a statement reconciling the profit or loss from the same. The following items are shown in financial accounts but not in cost accounts. **(15)**

Particulars	**Rs.**
Loss due to obsolescence of assets	3, 700
Provision for income-tax	38, 000
Reduction in value of stock	6, 000
Debenture interest	4, 000
Loss by fire	1, 050
Interest on investment	6, 000
Bank interest and transfer fees	1,225
Rent received of staff quarters	2,000

The additional information is as follows:

a) In cost accounts, works overheads are estimated at Rs. 26, 000, while in Financial accounts they are charged at Rs. 29, 120.

b) In cost accounts, administration overheads are estimated at Rs. 20, 000, while in financial accounts they are debited at Rs. 18, 300.

c) In Cost accounts, excess charge for depreciation is Rs. 1, 300 compared to financial accounts.

d) Profit as shown by financial accounts does not agree with the profit shown by cost accounts profit as per cost accounts is Rs. 1, 72, 400.

Q3. A firm of contractors commenced three contracts viz. A, B, C on 1st April, 2012, on 1st October, 2012 and on 1st January, 2013 respectively. The following particulars about above three contracts are obtained for the year ended 31sr March, 2013. **(15)**

Particulars	**Contract A**	**Contract B**	**Contract C**
Contract price (Rs.)	8, 00, 000	2, 50, 000	2, 50, 000
Materials Issued (Rs.)	1, 44, 000	58, 000	20, 000
Wages paid (Rs.)	2, 20, 000	1, 12, 400	14, 000
Direct Expenses paid (Rs)	10, 400	3, 600	1, 400
Plant installed (Rs)	40, 000	16, 000	12, 000
Material at site at end of the year (Rs)	8, 000	4, 000	2, 000
Wages outstanding (Rs)	6, 800	3, 600	1, 600
Work certified (% of contract price)	50%	64%	14.4%
Cash received	75%	75%	75%
Work uncertified(Rs)	12, 000	8, 000	2, 100
Direct Expenses prepaid	1, 200	400	200

The plants are installed on respective dates of the contracts and depreciation is to be provided at 10% p.a

Prepare contract accounts A, B and C and show the calculation of profit transferred to profit and loss account

OR

Q3. The following is the summary of the contract ledger as on 31st December, 2017 in respect of contract No. 51: **(15)**

Particulars	**Rs**
Materials (Direct)	60, 000
Materials (from stores)	13, 000
Wages	34, 600
Direct expenses	13, 400
Establishment Charges	16, 000
Plant	68, 400
Sale of Scrap	3, 640

You are given the following information:

1) Accruals on 31-12-2017 are: Wages Rs. 1, 600 and Direct Expenses Rs. 2, 200.
2) Depreciation on plant upto 31-12-2017 is Rs.17, 100.
3) Work uncertified was Rs. 9, 000.
4) Materials on site on 31-12-2017 cost Rs. 20, 000.
5) Work Certified was Rs. 1, 25, 000.

Prepare contract account No. 51 and show that profit and loss should be taken into account for the year ended 31st December 2017.

Q4. Savita Chemicals Ltd is manufacturing a product which passes through three consecutive processes, Process X, Process Y and Process Z. The following figures have been taken from its books for the month ended 31st January, 2015. **(15)**

Particulars	**Process X**	**Process Y**	**Process Z**
Quantitative Information :			
Basic Raw materials at Rs 10 per kg	25, 000 kgs	-	-
Output during the month (kgs)	24, 000	23, 200	22, 250
Other Additional Information :			

Process materials (Rs.)	1, 50, 000	2, 70, 000	3, 50, 000
Direct wages	80% of Process materials	70% of Process materials	60% of Process materials
Indirect materials (Rs.)	10, 000	8, 000	2, 000
Indirect wages (Rs.)	2, 000	980	1, 620
Machine overheads (Rs.)	10, 000	8, 000	12, 000
Other factory overheads (Rs.)	80% of Direct wages	90% of Direct wages	75% of Direct wages
Normal loss (% on input)	2%	4%	4%
Scrap value per kg (Rs.)	2	3	5

You are required to prepare Process Accounts.

OR

Q4. The product of a company passes through three distinct processes, called respectively A, B and C From the past experience it is ascertained that wastage is incurred in each process as under. **(15)**

Process A 2%, Process B 5%, Process C 10%

The percentage of wastage is computed on the number of units entering the process concerned

The wastage of each process possesses a scrap value. The wastages of each processes A and B is sold at Rs. 5 per 100 units and that of Process C Rs.2 per unit.

Following information was obtained for the month of March 2007.

20, 000 units of crude materials were introduced in Process 'A' at the cost of Rs. 8, 000.

Particulars	**Process A Rs.**	**Process B Rs.**	**Process C Rs.**
Material consumed	4, 000	1, 500	1, 000
Direct labour	6, 000	4, 000	3, 000
Manufacturing Expenses	640	225	2, 405
	Units	**Units**	**Units**
Output in units	19, 500	19, 250	15, 900
Finished product stock-			
1st March, 2007	2, 000	3, 000	5, 000
31st March, 2007	1, 500	4, 000	-

Stock valuation on 1st March 2007 per unit Rs.1, Rs.1.50, Rs.1.80. Stocks on 31st March, 2007 are to be valued as per valuation as on 1st March, 2007. Draw process accounts of A, B and C and process stock accounts of Process A, B and C

Q5. a) What is Process costing? What are the features of Process costing? **(8)**

b) State the limitations of financial accounting. **(7)**

OR

Q5. **Write short notes (any 3)** **(15)**

a. Direct cost
b. Advantages of Process costing
c. Advantages of Cost sheet
d. Work uncertified
e. Features of Joint Product

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