S.Y.BAF - SEM III - Medical - Jan'20

Cost A/c

21.1.20

SYBAF Sem –III Sub : Cost –Accounting

Marks : 75 Duration: 2 and half hour

Note : All questions are compulsory , subject to Internal choice.

: Figures to the right indicate full marks

: Working note will form a part of answer.

: Use of simple calculator is allowed.

Q-1(a) Fill ups (any 8) (8)

1) Direct labour cost Rs. 1,75,000 being 175 % of Works overheads. Factory overheads are Rs. ____________________
2) Sales Rs.1,20,000, Profit 20% on cost . Profit is Rs.____________________
3) The variable production overheads shall be absorbed in production cost based on __________________(actual/ normal capacity) .
4) Income tax appears only in ________________(financial/cost accounts) .
5) Under ________________system, there is no need of reconciliation of cost and financial accounts.
6) Contract costing is a variant of _____________(job/process) costing.
7) _______________________is the person for whom the Contract job is undertaken.
8) _________________(waste/scrap) has no sale value.
9) Job costing and Process costing _____________________(can/cannot) be simultaneously used in the same industry.
10) The cost of units of abnormal loss is ________________(debited/credited) to the process account.

Q- 1 (b) State true or false (any 7) (7)

1) Factory cost = prime cost + office overheads.
2) Cost of sales = factory cost + selling and Distribution overheads
3) Primary packaging cost is included in distribution cost.
4) Profit as per cost accounts is the same as profit as per the financial accounts.
5) Notional interest on owners capital appears only in financial profit and loss a/c.
6) Any material supplied by the Contractee (eg. Cement in construction contract) , is debited to the Contract account.
7) The cost of material lost or destroyed is debited to the Contract account.
8) Retention money = Payment received less work certified .

9) The sale value of residue etc. is credited to the Process account.

10) When two or more inputs are used together to products a product such inputs are termed as joint products.

Q-2 Swadeshi Electronincs Ltd. furnishes to you the following information for the year ended 31st march, 2014. (15)

Production and sales	15,000 units
Sales	Rs.12,75,000
Direct wages	Rs. 2,70,000
Direct material	Rs.3,30,000
Factory overheads	Rs.2,25,000
Administrative overheads	Rs. 1,05,000
Sales overheads	Rs. 90,000

On account of intense competition following changes are estimated in the subsequent year:

1) Production and sales activity will be increased by one third.
2) Material rate will be lower by 25% . however there will increase in consumption by 20% due to quality difference.
3) Direct wages cost would be reduced by 20% due to automation.
4) Out of the above factory overheads , Rs.45,000 are of fixed nature. The remaining factory expenses are variable in proportion to the the number of units produced.
5) Total administrative overheads will be lowers by 40%
6) Sales overheads per unit would remain the same.
7) Sale price per unit would be lower by 20%.

Prepare a statement of cost for both the years ending 31st march, 2014 and 31st march ,2015showing maximum possible details of cost.

OR

Q-2 Prepare a cost sheet showing the total and per tone cost of paper manufacture by (15)

Times paper mills Ltd. for the month of March,2014. There were 26 working days in the month. Also find the profit earned by the company. The details are as under.

Direct Raw materials :	
Paper pulp	6,000 tons @Rs.900 tonne
Direct labour :	
280 skilled workmen	Rs.250 per day
300 semi skilled workmen	Rs.150 per day
470 unskilled workmen	Rs.100 per dsy
Direct expenses :	

Special equipments hire charges	Rs.12,000 per day
Special dyes	RS. 250 per tone of total raw material input.
Work overheads : Variable	50% of direct wages
Fixed	Rs.2,70,000 p.m
Administrative overheads	@ 12% of works cost
Selling and distribution overheads	Rs. 80 per tonne sold
Opening stock of paper	500 tonnes valued @ Rs.2,501.60 per ton
Closing stock of paper	300 tonnes valued at cost of production.

The paper is sold @ Rs. 3,000 per tonne.

Q-3 The following information is available from Cost and Financial accounts in respect (15)

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.

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 investments	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

OR

Q- 3 Y Ltd. manufactures a chemical product which passes through three processes. The cost records show the following particulars for the year ended 30th June, 2014. (15)

Input to 1 process 20,000 units @ Rs. 28 per unit.

Particulars	Process I Rs	Process II Rs.	Process III Rs.
Materials	48,620	1,08,259	1,03,345
Labour	32,865	84,553	77,180
Expenses	2,515	10,588	16,275
Normal Loss	20%	15%	10%
Scrap value per unit	1	2	3
Actual output (Units)	18,000	16,000	15,000

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

Q-4 Rex Limited commenced a contract on 1-7-2013. The total contract price was (15)

Rs. 5,00,000 but Rex Limited accepted the same for Rs. 4,50,000. It was decided to estimate the total profits and to take the credit of Profit and loss account that proportion of estimated profit on cash basis which the work completed and certified borne to the total contract. Actual expenditure till 31-12-2013 and estimated expenditure in 2014 are given below.

Particulars	Actual	Estimate for 2014
Materials	75,000	1,30,000
Labour	55,000	60,000
Plant purchased(original cost)	40,000	-----
Miscellaneous expenses	20,000	35,500
Plant returned to Stores (at original cost)	10,000	25,000
Materials at site	5,000	------
Work certified	2,00,000	Full
Work uncertified	7,500	------
Cash received	1,80,000	Full

The plant is subjected to annual depreciation @ 20% of original cost. The contract is likely to be completed on 30-9-2014

You are required to prepare the contract account for the year ended 31-12-2013. Working should be clearly given.

It is the policy of the company to charge depreciation on time basis.

Or

Q-4 Product A is manufactured after it passes through three distinct processes . (15)

The following information is obtained from the records of a company for the year ended 31st December, 2013.

	Process I	Process II	Process III
Direct material	2,500	2,000	3,000
Direct wages	2,000	3,000	4,000

Product overheads are Rs.9,000. 1000 units at Rs.5 each were introduced to Process 1. There was no stock of materials or work in progress at the beginning and at the end of the year. The output of each process passes direct to the next process and finally to the finished stock a/c. Production overheads are recovered on 100% of direct wages. The following additional data is available.

Particulars	Output during the week	Percentage of normal loss to input	Value of scrap per unit (Rs)
Process I	950	5%	3
Process II	840	10%	5
Process III	750	15%	5

Prepare Process accounts and Abnormal gain or Loss accounts for the year ended 31st December ,2013

Q- 5 (a) Write a note on Recovery of Prime cost/overheads (8)

Q-5 (b) Work Certified and Work Uncertified. (7)

OR

Q-5 Write short notes on : (Any 3) (15)

1) Applicability and necessity of Process costing.
2) Material consumed.
3) Advantages of Cost sheet
4) Distinguish between contract costing and process costing.
5) Features of process costing.