

SYBAF SEM III Reg & A.T.K.T. Exam OCT-2019.
09/10/19.



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) The variable product overheads shall be absorbed in production cost based on _____ (actual/normal) Capacity.
- 2) Any demurrage charges levied by transport _____ (shall /shall not) form part of the cost of materials.
- 3) Subsidy receivable with respect to any material shall be _____ (added to/ reduced from) cost of materials.
- 4) Damages awarded by Court appear only in _____ (Financial/cost) accounts.
- 5) TDS A/c is shown as part of the current _____ (assets/liabilities) of the contractor.
- 6) Cost of closing stock appears on the _____ (debit/credit) side of the contract account.
- 7) Material supplied by the contractee _____ (is /is not) debited to the Contract account.
- 8) Abnormal loss is _____ (debited/credited) to Process account and Abnormal Gain is _____ Debited/credited) to Process account.
- 9) The cost incurred _____ (before/after/ up-to) the point of separation of the joint products are termed as Joints costs.
- 10) The physical unit method of allocation of joint cost gives _____ (equal/unequal) importance and value to all the joint products.

Q-1 (b) State True or False (any 7)

(7)

- 1) Administration cost is not included in the cost of work-in progress.
- 2) Production cost includes only direct cost related to the production.

- 3) Raw material inventory consists of products partially completed at the end of a period.
- 4) Transfer to General Reserve is credited to financial profit and loss a/c.
- 5) Goodwill written off appears only in cost accounts.
- 6) Work uncertified is valued terms of Contract price.
- 7) A contract is 40% complete . There is a notional loss. 100 % of the notional loss is debited to the profit and loss account.
- 8) The sale value of the units of abnormal loss is credited to the Process a/c.
- 9) The cost incurred after the point of separation of the joint- products are termed as Joint costs.
- 10) Split off point refers to the point at which joint products are sold.

Q-2 Trading and Profit and loss accounts of MK & co. for the year ended 31st march, (15)

2013

Particulars	Rs.	Particulars	Rs.
To, Material consumed	3,75,000	By Sales (15,000 units)	15,00,000
To, Direct wages	2,25,000		
To , factory overheads	3,00,000		
To, gross profit c/d	6,00,000		
	15,00,000		15,00,000
To, office rent	90,000	By, Gross profit b/d	6,00,000
To, general expenses	75,000	By dividend received	13,500
To, management expenses	60,000	By interest on investment	6,500
To, Goodwill written off	22,500		
To, Advertisement	1,31,250		
To, salesmen commission.	1,50,000		
To, interest on loan	14,500		
To , Net profit c/d	76,750		
	6,20,000		6,20,000

For the year ending 31st march ,2014 following estimates have been made :

- 1) Production and sales units will be doubled .
- 2) Direct material cost per unit will rise by 20%.
- 3) Direct wages per unit will increase by 40%
- 4) Of the factory overheads, Rs.1,50,000 are Fixed and would remain at the same level but variable there of would be in same proportion to direct wages as in 2012-13
- 5) Total office and administrative overheads would increase by 40%.
- 6) Selling and Distribution overheads per unit will increase by 20%



7) Selling price per unit would rise by 10%.

You are required to prepare

- 1) Cost sheet for the year ended 31st march, 2013 showing cost per unit and total cost and
- 2) Projected cost sheet for the year ending 31st march, 2014 showing cost per unit and total cost.

OR

Q-2 KT manufacturing company gives you the following particulars for the year (15)

2014. Production and sales during the year was 10,000 units.

Particulars	Rs.
Materials	2,50,000
Direct wages	1,50,000
Administrative overhead (fixed)	1,00,000
Sales	12,00,000
Profit	2,50,000
Factory overhead	
Fixed	1,00,000
Variable	2,00,000
Selling and Distribution overheads	
Fixed	60,000
Variable	90,000

The company has worked to its maximum capacity of 10,000 units during 2014. The management has decided to increase production capacity to 15,000 units for the year 2015 and it is estimated that :

- 1) There will be all round rise in all variables expenditure by 10%
- 2) There will be increase of 20% in all fixed overheads.
- 3) There will be no need to change the selling price for the year 2015

Prepare a statement showing total as well as unit cost and profit for 2014 . Also prepare a statement showing estimated profit for 2015 taking into consideration the changes in 2015

Q-3 R Limited showed a net loss of Rs. 35,400 as per their cost accounts for the year (15)

ended 31 st March 2012. However , the financial accounts disclosed a net profit of Rs.67,800 for the same period. .The following information were revealed as a result scrutiny of the figures of cost account and financial accounts .

1) Administrative overhead under recovered	25,000
2) Factory overhead over recovered	1,35,000
3) Depreciation under charged in cost accounts	26,000
4) Dividend received	20,000
5) Loss due to obsolescence charged in financial accounts.	16,800
6) Income tax provided.	43,600
7) Bank interest credited in Financial accounts.	13,600
8) Value of opening stock :	
In cost accounts	1,65,000
In financial accounts	1,45,000
9) Value of closing stock	
In cost accounts	1,25,500
In Financial accounts	1,32,000
10) Goodwill written off in Financial accounts	25,000
11) Notional rent of own premises charged in cost accounts.	60,000
12. provision for doubtful debts in Financial accounts.	15,000

Prepare a reconciliation statement by taking costing net loss as base .

OR

Q-3 Following is the summarized Profit and loss account of M/s star manufacturing co. Ltd. for the year ended 31st December, 2014. (15)

Particulars	Rs.	Paticulars	Rs.
To Wages	1,51,000	By sales (12,000 units)	6,00,000
To, material used	2,74,000	By, closing stock of Finished goods (400 units)	16,000
To, Factory expenses	83,000	By Closing stock of	
To, Expenses on administration	38,240	Work -in- progress	12,000
To, Selling expenses	45,000	By Dividend received .	1,800
To, Goodwill written off	2,000		
To, Preliminary expenses written off .	4,000		
To, Net profit.	32,560		
	6,29,800		6,29,800

In the cost accounts

1. Factory expenses have been allocated to the production at 20% on prime cost.
2. Expenses of administration at Rs. 3 per unit produced.
3. Selling expenses at Rs. 4 per unit sold.



You are required to prepare cost sheet of the company and reconcile the profits disclosed by the cost accounts and those shown by Financial accounts.

Q-4 M/s Air-craft builders undertook a contract for a contract price of Rs.60,00,000 (15) and (commenced the work on 1st July,2013. The following particulars are available for 9 months ended 31-03-2014.

Particulars	Rs.
Materials issued from stores	4,00,000
Materials bought directly	20,50,000
Wages paid	19,00,000
Direct expenses	3,00,000
Establishment charges	1,50,000
Plant	6,50,000
Sub-contract charges	1,00,000
Scrap sold	30,000
Work certified	50,00,000

The following further information was available :

- Outstanding wages and direct expenses were Rs.10,000 and Rs.20,000 respectively on 31-03-2014
 - Materials at site at the end of the year is valued at Rs.1,20,000.
 - Value of work uncertified Rs.2,00,000 on 31-3-2014
 - Included in wages is the salary paid to a supervisor @ Rs. 30,000 p.m who had devoted half of the time on his contract .
 - Working life of the plant is estimated to be 5 years at the end of which it is estimated to realize Rs.50,000 as scrap value. The plant was purchased exclusively for this contract only
- Prepare contract account for the year ended 31-3-2014.

OR

Q-4 Samantar Ltd. manufactures a product which passes through two consecutive (15) processes viz .Purvardha and Uttaradha. The company furnishes you with the following information for the year ended 31st March, 2014.

Particulars	Purvardha	Uttaradha
Basic material	5,000 units	-----
Rate per unit	Rs. 2.20	-----

	Rs.	Rs.
Process material	4,000	3,000
Wages	3,000	4,000
Factory overheads	2,000	2,630
Process loss as percentage of input	10%	10%
Scrap value of process loss (per 100 units)	40	60

Prepare process account and other relevant accounts under the following two alternative circumstances assuming that the entire process loss is :

Circumstances 1 : Normal Loss and

Circumstances 2 : Abnormal loss .

The entire output of Uttarardha process was sold for Rs. 30,000. Show the consequent reflection of the final results in Profit and loss account under both the circumstances.

Q-5 (a) Provisions of CAS -6 (Material cost) (8)

Q-5 (b) Employee Cost (CAS – 7) (7)

Or

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

- 1) Investment centre
- 2) Absorption overheads
- 3) Treatment of scrap or waste
- 4) Features of Process Costing
- 5) Advantages of cost sheet.