

[Time: 3 Hours]

[Marks:100]

Please check whether you have got the right question paper.

- 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

Q.1 a) State whether the following Statements are True or False. (Any 10) (10)

1. General Ledger Adjustment Account is also known as Store Ledger Control Account.
2. Overhead Adjustment Account shows over and under absorbed overheads.
3. On completion of the contract, contractee's account is credited and contract Account is debited with contract price.
4. Cost of rectification of defective work is debited to contract account.
5. Normal Loss cannot be avoided.
6. Abnormal Gain arises due to rise in the efficiency of the production department.
7. If selling price increases per unit the Break Even Point will come down.
8. Standard Costing simplifies the valuation of inventories.
9. Target cost is a difference between competitive price and desired profit.
10. Pricing decision is a limitation to marginal costing.
11. Standard cost is not a predetermined cost.
12. Standard costing is suitable to small organization.

b) Select the most appropriate option and rewrite the full sentence: (Any 10) (10)

1. The cost of direct material used in production is debited to _____
 - a. Either manufacturing overhead or work in process
 - b. Finished goods inventory
 - c. Work in process
 - d. Manufacturing overhead

2. If standard cost is higher than actual cost, the variance is _____
 - a. Favorable
 - b. Adverse
 - c. Positive
 - d. Negative

3. The _____ will be transferred to Profit & Loss A/C, if the entire contract is completed
 - a. 1/3rd of Notional Profit
 - b. Nil
 - c. 2/3rd of Notional Profit
 - d. Entire Profit

4. ----- does not use process costing.
 - a. Oil refining
 - b. Distilleries
 - c. Sugar
 - d. Aircraft Manufacturing

5. P/V Ratio can be calculated by using _____ formula.
 - a. Profit / volume
 - b. Contribution/Sales
 - c. Profit/Contribution
 - d. Profit/Sales

6. Cost of material destroyed is _____
 - a. Credited to Contract Account
 - b. Debited to Contract Account
 - c. Debited to Costing Profit & Loss A/C
 - d. Credited to Costing Profit & Loss A/C

7. Each producing department is treated as _____ in process costing
 - a. Cost Unit
 - b. Cost Centre
 - c. Investment Centre
 - d. Sales Centre

8. Increase in fixed cost results in _____ in break-even point.
 - a. Increase
 - b. Decrease
 - c. No Effect
 - d. Can't Say

9. In non-integrated system of accounting, the emphasis is on _____
 - a. Personal Accounts
 - b. Real Accounts
 - c. Nominal Accounts
 - d. All of these

10. If Standard Rate is Rs. 1.40, Actual Rate is Rs. 1.30 and Labour Rate Variance is 600 favorable, then no. of actual hours is _____
 - a. 6,000
 - b. 6,400
 - c. 1,000
 - d. 1,500

11. Process cost is based on the concept of _____

- Average Cost
- Marginal Cost
- Standard Cost
- Differential Cost

12. Work Uncertified is valued at _____

- Cost Price
- Market Price
- Cost or Market Price whichever is less
- Estimated Price

Q.2 a) You are given the following data for the year end 2019 of Book Bank company. (10)

Variable Cost (Rs.)	4,00,000
Net Profit (Rs.)	80,000
Sales (Rs.)	8,00,000

You are required to calculate:

- Fixed Cost
- P/V Ratio
- Profit when sales amounted to Rs. 10,00,000
- Break Even Sales
- Sales required to earn profit of Rs. 5,00,000

Q.2 b) From the following information of Ajanta Ltd. Calculate: (10)

- P/V ratio
- Fixed Cost
- Break Even Sales
- Profit at Sales of Rs.12,00,000
- Margin of safety for both the years

Particulars	1 st Year	2 nd Year
Sales (Rs.)	9,00,000	10,50,000
Profit (Rs.)	60,000	90,000

OR

Q.2 Rakesh Constructors Pvt Ltd provides you the following information of their project. (20)

The project commenced on 1st August 2018 and it was estimated to be completed by 31st March 2020. The contract price was negotiated at Rs 750 lakhs. The actual expenditure upto 31st March 2019 and subsequent additional estimated expenditure upto 31st March 2020 is furnished as under:

Particulars	Actual Expenditure upto 31-03-2019 (Rs)	Estimated Additional Expenditure from 01-04-2019 to 31-03-2020 (Rs.)
Direct Material	2,15,70,000	1,47,20,000
Indirect Material	15,26,000	10,67,000
Direct Wages	32,45,600	40,35,500
Supervision Charges	5,15,500	4,65,400
Architect Fees	7,15,400	11,72,500
Administrative overhead	16,15,000	23,54,000
Construction Overheads	33,82,500	19,74,600
Closing Material at site	9,50,000	-----
Work uncertified at the end of the year	15,75,000	-----
Work certified during the year	4,10,00,000	3,40,00,000

The value of plant and machinery sent to site was Rs 65 lakhs, whereas the scrap value of the plant and machinery at the end of the project was estimated to be Rs 5 lakhs.

It was decided that the profit to be taken credit for should be that proportion of the estimated net profit to be realised on completion of the project which the certified value of work as on 31-03-2019 bears to the total contract price.

You are required to prepare Contract account for the year ended 31st March 2019 and show your calculation of profit to be credited to profit and Loss account for the year ended 31/03/19.

Q.3 a) Following data is available from the records of ABC Ltd: (10)

Standard Material per unit	8 kg @ Rs 5 per kg
Actual Production per month	10,500 units
Actual Material Price per kg	Rs 5.50
Materials consumed during the month	78,000 kg

Calculate:

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance

Q.3 b) Following data is available from the records of XYZ Ltd: (10)

Standard Labour per unit	5 hours @ Rs 5 per hour
Actual Production per month	21,000 units
Direct Labour Hours worked	1,10,000 hours
Actual Wage Rate per hour	Rs 4.50

Calculate:

1. Labour Cost Variance
2. Labour Rate Variance
3. Labour Efficiency Variance

OR

Q.3

The following are the balances in the books of HMT Co Ltd on 1st January 2019

(20)

Particulars	Amount (Rs.)	Amount (Rs.)
General Ledger Adjustment A/C	-	76,000
Stores Ledger Control A/C	43,750	-
Work-In-Progress Ledger Control A/C	20,000	-
Finished Goods Ledger Control A/C	12,250	-
	76,000	76,000

On 31st December 2019, the following information was supplied:

Particulars	Amount (Rs.)
Purchase of Stores	3,00,000
Purchase for Special Jobs	22,950
Direct Wages	1,93,135
Indirect Factory Wages	47,500
Administrative Salaries	33,870
Selling and Distribution Salaries	21,260
Production Expenses	52,160
Administration Expenses	48,000
Selling and Distribution Expenses	31,880
Stores issued to Maintenance A/C	12,930
Stores issued to Production	2,80,000
Returns to Supplier	4,065
Production Overhead absorbed by Production	1,17,050
Administrative Overhead absorbed by Finished Goods	75,750
Selling Overhead recovered on Sales	47,500
Finished products during the year	5,92,660
Finished Goods sold at cost	666,910
Sales	7,75,000

You are required to prepare relevant control accounts to record the transactions in the cost ledger of the company and prepare the trial balance.

Q.4

M/s Sagar Enterprises provides you the following data for the year ended March 31, 2019.

(20)

Particulars	Process I	Process II	Process III
Raw Material (Units)	10,000	5,600	2,404
Cost of Raw Material per unit (Rs.)	5	6	8
Direct Wages (Rs.)	35,000	25,000	15,000
Direct Expenses (Rs.)	17,000	12,696	11,893
Normal Loss	4%	5%	3%
Scrap per unit (Rs.)	3	4	5
a) Output transferred to:			
Process II	60%	-	-
Process III	-	50%	-

b) Output sold in market	40%	50%	100%
Sale Price per unit (Rs.)	12	16	20
Administration Overheads Rs. 20,000			
Marketing Overheads Rs. 26,000			

Prepare:

1. Process Accounts
2. Normal Loss Account
3. Costing Profit and Loss Account

OR

- Q.4 a) Mr. Shubham undertook a contract for a contract price of Rs. 20,00,000. The following details (10) are available for the year 2019:

Particulars	Amount (Rs.)
Materials purchased	2,00,000
Materials issued from stores	3,40,000
Wages paid	1,25,000
Plant (Subject to 10% Depreciation p.a.)	2,50,000
Direct Expenses	50,000
Establishment Charges	20,000
Cash Received (75% of Work Certified)	6,00,000
Work Uncertified	1,50,000
Outstanding Direct Expenses	10,000
Outstanding Wages	15,000
Materials at site	30,000

Prepare Contract Account

- Q.4 b) The following information is available in respect of Process A:

(10)

Raw material introduced	4,000 units @ Rs. 5 per unit
Direct Labour	Rs. 18,000
Overheads	Rs. 12,000
Normal Loss	5% of input
Scrap Value of loss	Rs. 3 per unit
Output	3,500 units

Prepare Process A Account and Abnormal Loss Account

- Q.5 a) What is process costing? Explain its characteristics and applicability. (10)
b) Write different types of Benchmarking (10)

OR

- Q.5 Write short notes on any four of the following: (20)
1. Non-integrated system of Accounting
 2. Retention Money
 3. Joint Product
 4. Break Even point
 5. Margin of Safety
 6. Standard Costing
