

T. Y. Bcom

Sem - VI

2018-19

4/4/2019

Duration : 3Hrs

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.1A. Select the correct alternative and Rewrite the sentence. - Any 10

(10 Marks)

1. If actual cost is more than standard cost variance is _____

- Favourable .
- Adverse
- Nil
- All the above.

2. Subsidiary Ledger is _____

- Stores ledger
- Work in progress ledger.
- Finished Goods ledger.
- All of the above.

3. Work done but uncertified is to be valued at _____

- contract price
- Market Price.
- Material Price
- Cost Price

4. Notional Profit is _____

- Difference between value of work certified and cost of work certified .
- Profit of contract.
- differences between cash received and work certified .
- difference between retention money and cash received.

5. Normal loss is debited to _____

- process account
- Abnormal Gain
- Abnormal Loss
- None of the above

6. At breakeven Point the contribution is equal to _____

- Variable Cost
- Zero
- Fixed Cost
- None of the above

CA 8

7. Amount transferred to Profit and Loss Account out of Notional profit when contract is 50% to 90% complete _____.

- $\frac{2}{3} \times \text{Notional Profit} \times \text{Cash received}$
Work certified
- $\frac{2}{3} \times \text{Notional Profit} \times \text{work certified}$
Cash received
- $\frac{2}{3} \times \text{Notional Profit} \times \text{Cash received}$
Retention money
- $\frac{2}{3} \times \text{Notional Profit} \times \text{Work certify}$
Retention money

8. When selling price decreases, then break even point _____.

- Increases
- Decreases
- No Effect
- Can't say

9. Sales are Rs. 150,000

Fixed cost Rs. 40,000

Profit Rs. 30,000

Variable cost is _____.

- 80,000
- 1,10,000
- 25,000
- 70,000

10. Margin of safety is _____.

- sales – contribute
- Actual sales – Break Even Sale
- Fixed cost – variable cost
- Sales – Variable cost

11. Variances are difference between _____.

- Standard and actual cost.
- Fixed and variable cost.
- sales and Profit
- variable and semi variable cost

12. WIP Ledger balance shows _____.

- Cost of Finished Work
- Cost of unfinished work
- Cost of material
- None of the above

C A 3

Q 1 B). Match the column. (Any 10)

(10 Marks)

Group A	Group B
1. Non integrated system	a. Activity Based Costing
2. Plant issued to site	b. Benchmarked with company process
3. Escalation Clause	c. Activity that generates cost
4. Normal Loss	d. Variable cost
5. Joint product	e. First step in Benchmarking
6. By Product	f. Benchmarking on global scale
7. Marginal Cost	g. Standard minus actual cost
8. Cost Variance	h. Cost and Financial accounts maintained separately
9. ABC	i. Debited to Contract Account
10. Cost Driver	j. Product emerging in process having insignificant value
11. Planning	k. Inevitable Loss
12. Global Benchmarking	l. Avoidable Loss
	m. Covers increase in cost
	n. Additional product with significant value

Q.2 A) The Product of a company passes through three distinct processes to completion. They are known as A, B and C.

(15 Marks)

From past experience, it is ascertained that Normal Loss is incurred in each process as under:-

Process A 2%, Process B 5% and Process C 10%. In each case the percentage of Normal Loss is computed on the number of units entering the process concerned.

Normal Loss of each process possesses a scrap value. The Normal Loss of process A is sold at 5 Paise per unit and B is sold at 20 paise per unit and that of process C at 50 paise per unit.

Output of each process passes immediately to the next process and the finished are passed from process C into stock.

Following information is obtained: -

Amount Rs

Particulars	Process A	Process B	Process C
Material consumed	6,000	4,000	2,000
Direct Labour	8,000	6,000	3,000
Manufacturing expenses	1,500	1,773	2,332

20,000 units have been issued to process A at a cost of Rs.10,000.

Output of each process has been as under:-

Process A 19,300, Process B 18,800, Process C 16,500

There is no work in progress in any process.

Prepare Process accounts and the calculations should be made to the nearest rupee.

OR

- B) Asha Ltd manufactures a chemical which passes through three processes. The following particulars gathered for the month of December 2018. (15 Marks)

Particulars	Process A	Process B	Process C
Basic Materials (in Kg)	4,000	2,080	1,772
Cost of Basic Materials	3,84,000	1,88,000	60,000
Wages	76,800	76,000	22,000
Other Direct Expenses	84,000	88,000	99,720
Production overheads	25,600	42,512	39,765
Normal Loss(% on Total Input)	5%	4%	5%
Scrap sale value per Kg.	2 per Kg	3 per Kg	5 per Kg
Output transferred to Next Process %	40%	50%	-----
Output transferred to Warehouse %	60%	50%	100%

You are required to prepare process accounts.

Q.3)

(15 Marks)

- A) Mahesh Construction Company has three independent Contracts.

Following particulars are available for the year ended 31st December 2018

Amount Rs.

Particulars	Contract A	Contract B	Contract C
Contract price	5,00,000	12,50,000	3,75,000
Material issued to Contract	82,600	1,12,250	94,800
Labour Charges Paid	51,400	63,250	87,750
Sub-Contract Charges	36,400	32,950	14,250
Supervision Charges	6,000	9,000	7,500
Architect Fees paid	5,000	7,500	12,500
Insurance Charges Paid	1,500	3,050	3,700
Work Certified	2,00,000	2,50,000	2,50,000
Work Uncertified	17,500	20,000	12,500
Amount Received from Contractee	1,60,000	2,25,000	1,87,500
Closing balance Of material	4,500	5,000	10,000

Note: 1. All the Contracts have commenced during the year

2. Total Depreciation on plant amounted to Rs. 5,600 .Allocate the same to all the contracts in the ratio of work certified

Prepare Contract Accounts for all the contracts

OR

6) Following information relates to a contract for Rs.1,00,00,000. The contractee pays 80% of the work in progress as certified by the architect. (15 Marks)

Particulars	Amount Rs		
	1 st year	2 nd year	3 rd year
Material issued	4,60,000	9,40,000	14,50,000
Direct wages	7,00,000	13,50,000	9,50,000
Direct Expenses	50,000	95,000	1,10,000
Indirect expenses	10,000	20,000	25,000
Work certified(Cumulative)	22,50,000	75,00,000	1,00,00,000
Uncertified Work	50,000	50,000	---
Plant Issued	75,000	---	---
Material on site at year end	25,000	35,000	50,000
Architect Fees % of Work Certified	4%	4%	4%

Value of plant at the end of 1st year, 2nd year and 3rd year was Rs 60,000, Rs.45,000 and Rs.37,500 respectively.

Prepare contract account for these three years and show the calculation of profit or loss to be transferred to Profit & Loss Account for each year.

2.4 (A) : Following balances are available from the books of Neel manufacturing company on 1st April, 2017. (15 Marks)

Particulars	Amount Rs.	
	Dr.	Cr.
Stores Ledger Control Account	32,000	
Finished Stock Ledger Control Account	48,700	
Work-in-Progress Ledger Control Account	62,000	
Cost Ledger Control Account		1,42,700

Transactions for the year were as follows:

Particulars	Amount
Purchase of Materials	3,00,000
Stores issued to production	2,76,000
Wages(Direct)	2,66,400
Work Expenses	2,69,600
Cost of Completed Production	8,38,080
Cost of Finished Goods Sold	8,85,600
Selling Expenses	22,680
Office and Administration Expenses	53,000
Works overhead allocated to Production	2,70,920
Office Expenses Recovered	52,600
Sales	10,00,000

Prepare the following control accounts.

- 1) Cost Ledger Control Account
- 2) Work in progress Ledger Control Account
- 3) Finished Stock Ledger Control Account
- 4) Stores Ledger Control Account
- 5) Costing Profit & Loss Account

OR

Q 4 B (1) From the following information relating to financial and cost records of a new business, pass necessary entries in Cost-Journal. (08 Marks)

- | | |
|------------------------------------|--------------|
| 1) Purchase of Material – | Rs. 45,000. |
| 2) Direct labour charges – | Rs. 42,000. |
| 3) Factory overheads incurred – | Rs.1,80,000. |
| 4) Material issued to production – | Rs.4,25,000. |
| 5) Indirect wages allocated – | Rs. 60,000. |

B(2) From the following information you are required to calculate

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

(07 Marks)

Standard quantity for 35 units of product –Z

Material 70 kgs @ Rs.25 per. Kg.

Actual Production-40,000unit

Actual material used 95,000 unit: Actual rate Rs.28 per kg.

Q. 5) (A) From the following information calculate Material and Labour Variances:

(15 Marks)

For 5 units of Product A, standard data are:-

Material 40 Kg @Rs.25 Per Kg.

Labour 100 Hours@ Rs.4.50 Per Hour

Actual data

Actual production 1000 units

Material 7,840Kg @ Rs.27 per kg

Labour 19,800 Hrs @ Rs.4.60 per hour

OR

5B) Selling price of a product was Rs.200 per unit.

(15 Marks)

Its cost structure was as follows

Variable Cost Per Unit:

Material Rs.76

Labour Rs.28

Direct Expenses Rs.16

Fixed Overhead for the year:

Factory Overhead Rs.5,60,000

Office Overhead Rs.4,40,000

Selling Overhead Rs80,000

Number of units Sold 40,000units

C A 17

Calculate:

1. P/V Ratio
2. Break Even Point in Units
3. Margin of Safety
4. Break Even sales – amount, if Fixed Overhead is increased by 20%
5. Revised P/V Ratio when selling price is increased by 20%

6A) Write the meaning of Break-Even Chart. What are the steps in drawing Break Even Chart. (10 Marks)

B) Explain in short the meaning and benefits of standard costing. (10 Marks)

OR

5) write short note (**Attempt any Four.**) (5 Marks each)

- 1) Types of Benchmarking
- 2) Cost Plus Contract
- 3) Limitations of Marginal Costing
- 4) Advantages of Cost ledger
- 5) Abnormal Gain
- 6) Joint Product
