

**V.P.M.'s K.G. Joshi College of Arts & N.G. Bedekar College of Commerce, Thane.**  
**TYBCOM - A & F 5<sup>TH</sup> SEMESTER**  
**PRELIMINARY EXAMINATION OCT - 2008**

**TIME : 11.00 a.m. to 1.00 p.m.**  
**CODE : 525-B**

**MARKS : 60**  
**DATE : 14/10/2008**

**SUBJECT & PAPER : COST ACCTG. - III**

**Instruction : 1] All questions are compulsory.**  
**2] Figures to the right indicate full marks.**

**Q.1** Kapoor engineering Company undertakes long term contracts which involve the fabrication of prestressed concrete blocks and the erection of the same on the consumer's site. The following information is supplied regarding the contract which is incomplete on 31.3.02.

Cost incurred :-	Rs.
i) Fabrication Cost to date :-	
Direct material	2,80,000
Direct labour	90,000
Overheads	75,000
	4,45,000
ii) Erection cost to date	15,000
Total	4,60,000
Contract Price	8,19,000
Cash received on account	6,00,000

Technical estimate of work completed to date :-

Fabrication :- Direct material 80%

Direct labour & overheads 75%

Erection :- 25%

You are required to prepare statement showing estimated profit on the completion of contract and estimated profit to date on the contract.

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**OR**

**Q.1** On January 1, 2001, Mr. Thekadar undertook a contract for Rs.5,00,000. He incurred the following expenses during the year:-

Particulars	Rs.
Materials issued from stores	50,000
Materials purchased	45,000
Plant installed at cost	35,000
Wages Paid	1,00,000

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Of the plant & materials charged to the contract, the plant which cost Rs.2000 & the materials costing Rs.1500 were lost. Some of the materials costing Rs. 2000 were sold for Rs.2500. On 31st December 2001, the plant which cost Rs.500 was returned to the stores and a part of the plant which cost Rs.200 was so damaged as to render itself useless.

The work certified was Rs.2,40,000 and 80% of the same was received in cash. The cost of work done but uncertified was Rs.1000. Charge 10% p.a depreciation on plant & prepare the contract account for the year ended 31.12.01 and show the amount to be transferred to the profit and loss account.

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**Q.2** Bawa Ltd. furnishes you the following information relating to process B for the month of March 2000 :-

1) Opening WIP	Nil
2) Units introduced	10,000 units @ Rs.3 Per unit
3) Expenses debited to the process	
Direct materials	Rs. 14650
Direct labour	Rs.21,148
Overhead	Rs.42,000
4) Normal loss in process	1% of input
5) Closing WIP	350 units
Degree of completion; materials	100 %
Labour and overhead	50%
6) Finished output	9500 units
7) Degree of completion of abnormal loss; materials	100%
Labour and overhead	80%

8) Units scrapped as normal loss were sold at Re. 1 per unit.

9) All units of abnormal loss were sold at Rs.2.50 per unit.

Prepare :- a) Statement of equivalent production

b) Statement of Cost.

c) Process B account.

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OR

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- Q.2** Jaya manufacturing Co. supplies you the following information for the year ended 31.3.2004. You are required to prepare process A, B and C accounts showing the profit earned at each process.

Particulars	Process		
	A	B	C
Raw materials introduced (units)	12000	2440	2600
Cost of raw material P.u. (Rs.)	5	5	5
Direct wages (Rs.)	34,000	24,000	15,000
Production overheads (Rs.)	16,160	16,200	9600
Normal loss (having no realisable value)	4%	5%	3%
Wastage (having scrap value)	6%	5%	4%
Scrap value per unit of wastage (Rs.)	3	4	5
Output transferred to subsequent process	70%	60%	-
Output sold at the end of the process	30%	40%	100%
Selling price per unit of output sold at the end of the process (Rs)	12	16	17

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- Q.3** A Ltd. Manufactures Product A which yield two by product B & C. In a period, the amount spent up to separation was Rs.41,200. subsequent expenses were :-

	A	B	C
Materials (Rs)	600	400	300
Direct wages (Rs)	800	600	400
Overheads (Rs)	600	540	560
Total (Rs)	2000	1540	1260

The gross sales value of products A, B and C was Rs.30,000, Rs.20,000 and Rs.10,000 respectively. It was estimated that net profit as percentage of sales for B and C would be 25% and 20% respectively. Ascertain the profit earned for A.

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**OR**

- Q.3** From the following information relating to a hotel 'Sea-view' calculate the room rent to be charged to give a profit of 25% on cost excluding interest.
- Salaries to staff Rs.1,80,000 p.a
  - Wages of the room attendant Rs.20 per day. There is a room attendant for each room. He is paid wages, when the room is occupied.
  - Lighting, heating & Power :-
    - The normal lighting expenses for a room for the whole month is Rs.500, when occupied.
    - Heating is used only in winter and the charges are Rs.200 for a room when occupied.

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- d) Repairs to building Rs. 20,000
  - e) Linen etc Rs.6000
  - f) Sundries Rs.8000
  - g) Interior decoration & furnishing Rs.20,000 p.a.
  - h) Depreciation @ 5% to be charged on buildings costing Rs.4,00,000
  - i) Interest to be charged @ 5% on investment in buildings & equipments amounting to Rs.5,00,000.
  - j) There are 100 rooms in the hotel. 80% of the rooms are generally occupied in summer and 30% in winter. The period of summer and winter may be considered to be of 6 months in each case. A month may be assumed of 30 days. 15
- Q.4 Explain the reasons for differences in costing profit and financial profit. 15**

**OR**

- Q.4 What do you mean by equivalent production? explain the average method of valuation of work in progress. 15**

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