

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

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

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 A contractor commenced work on a particular contract on 1.4.2001. He closes the books of accounts for the year on 31st Dec every year. Following information is revealed from this costing records on 31.12.01

Materials sent to site	Rs. 43000
Foreman salary	Rs. 12,620
Labour	Rs. 1,00,220

A machine costing Rs.30,000 remained in use on site for 1/5th of the year. Its working life was estimated at 5 years and scrap value at Rs.2000. A supervisor is paid Rs.2000 per month and had devoted half of his time on contract. All other expenses were Rs.14,000. The materials on site were Rs.2500. The contract price was Rs.4,00,000. On 31.12.01, 2/3rd of the contract was completed, however architect gave certificate only for Rs.2,00,000 on which 80% was paid prepare contract account.

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OR

Q.1 The following is the trial balance of Premier construction company engaged on the execution of contract No.747 for the year ended 31.12.01

	Debit (Rs)	Rs. (Credit)
Contractee's account (Amt received)		3,00,000
Buildings	1,60,000	
Creditors		72000
Bank balance	35,000	
Capital Account		5,00,000
Materials	2,00,000	
Wages	1,80,000	
Expenses	47,000	
Plant	2,50,000	
	8,72,000	8,72,000

The work on contract No.747 was commenced on 1.1.01. Materials costing Rs.1,70,000 were sent to the site of the contract, but those of Rs.6000 were destroyed in an accident. Wages of Rs.1,80,000 were paid during the year. Plant

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to the stores. Materials of the cost of Rs.4000 were at site on 31.12.01. The Contract was for Rs.6,00,000 and contractee pays 75% of the work certified. Work certified was 80% of the total contract work at the end of 2001. Expenses are charged to contract at 25% of wages. Plant is to be depreciated at 10% for the entire year. Work uncertified Rs.15000. Prepare Contract No.747 account for the year 2001 & make the Balance sheet as on 31.12.01 in the books of Premier Construction Co. 15

- Q.2** In manufacturing the main product A, a company processes the resulting waste material in to two by products - B, and B2. Using the method of reversal cost, prepare a comparative profit and loss statement of the products from the following data :-

Total cost up to separation point was Rs.68,000.

	A	B1	B2
Production & sales (Rs)	1,64,000	16000	24000
Cost after separation (Rs)	-	4800	7200
Estimated net profit as percentage to sales value	-	20%	30%
Estimated selling expenses as percentage of sales value	20%	20%	20%

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OR

- Q.2** A local bus service Company runs the following fleet of bus with in the limit of Maharashtra state

No of buses	Carrying capacity
10 buses	75 passengers
15 buses	50 passengers

On an average each bus makes 15 trips a day covering a distance of 16km in each trip and 75% of seats are occupied. The annual records show that 5 buses are generally required to be kept away from road each day for repair. The following expenses were incurred by the company during March-2005.

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...3..

Expenses	Rs.
Garage rent & insurance	5000
Road & Vehicle tax	1000
Salary of chief operating manager	1500
3 Assistant managers salary	900 each.
4 Supervisors salary	500 each.
25 drivers salary	140 each.
30 Cleaners salary	100 each.
office staff	8000
Consumable stores	9000
Petrol	14000
lubricants	11,000
Replacement of tyres & tubes	3500
Gas & electricity	700
Miscellaneous expenses	2400
Repairs	7000
Depreciation	12000

Prepare Operating cost statement and find out the rate per passenger Km. 15

Q.3 From the following information prepare process account.

Opening work in progress 200 units @ Rs.4 per unit stage of completion :-

- 100% material
- 40% labour
- 40% Overhead.

units introduced 1050

Transfer to next process 1100 units.

Closing stock 150 units.

stage of completion :- 100% material

- 70% labour
- 70% overhead.

other information :-

Material Cost Rs.1050
Labour Rs.2250
Production overhead Rs.1125

Rs.4425

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OR

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Q.3 M/s Modern Company Ltd. furnishes the summary of Trading & Profit & loss account for the year ended 31.12.03

Particulars	Rs.	Particulars	Rs.
To Raw materials	1,39,600	By Sales (12000 units)	4,80,000
To Direct wages	76,200	By finished stock	
To Production overhead	42,600	(200 units)	8000
To S & D overhead.	42,700	By stock of WIP	47,995
To Administration overhead	39,100	By interest on	
To Preliminary expenses		security	6000
written off	2200		
To good will written off	2501		
To dividend	3000		
To income tax	4100		
To Net profit	1,89,994		
	5,41,995		5,41,995

The company manufactures a standard unit. Scrutiny of cost records for the same period show that

- i) Factory overheads have been allocated to the production at 20% on prime cost.
- ii) Administration overheads have been charged at Rs.3 per unit on units produced.
- iii) Selling & distribution expenses have been charged at Rs.4 per unit sold.

You are required to prepare a statement of cost and work out profit as per cost account and to reconcile the same with that shown in the financial accounts. **15**

Q.4 Explain any 3 methods of accounting for Joint products and 3 methods of accounting for by products. **15**

OR

Q.4 a) Explain Normal loss, abnormal loss & abnormal gain **08**

b) Explain inter process profits **07**
