

26/9/14

SYCAMUS COST ACCTG

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MARKS 75

TIME 2 1/2 hours

- NOTE:
1. Question number one is compulsory.
 2. Other questions have internal options.
 3. Working notes form part of your answer.
 4. Figures to the right indicate full marks.

Q1.A. Fill in the blanks by selecting the appropriate option: (Any 8) 8 marks

1. Which of the following item is a Prime cost _____
a) direct materials b) indirect labour
c) indirect materials d) staff salary
2. Prime cost + Factory overheads = _____
a) fixed cost b) work cost
c) cost of production d) cost of goods sold
3. Raw materials 60000, labour 30000, factory overheads 5000.
So, works cost = _____
a) 55000 b) 75000
c) 95000 d) 15000
4. Materials purchased 300000, opening stock 50000, closing stock 20000.
So, raw material consumed = _____
a) 774000 b) 345000
c) 330000 d) 400000
5. The degree of completion of work is determined by comparing the work certified with _____
a) contract price b) WIP
c) cash received d) retention money
6. WIP at the year-end is equal to _____
a) only materials at site b) only work uncertified
c) only work certified d) total of all the above options
7. The entire contract is complete. The transfer of profit to P&L account will be _____
a) 1/3 of notional profit b) nil
c) 2/3 of notional profit d) 100% of the notional profit
8. Abnormal gain is _____ in process account.
a) debited b) credited
c) ignored d) none of the above

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9. Interest on bank deposit is taken in _____.
- a) cost accounting b) financial accounting
c) ignored d) none of the above
10. Abnormal loss is _____.
- a) controllable b) non-controllable
c) profitable d) none of the above

Q1.B. Match the following pairs: (Any 7)

7 marks

1. Contract costing	No WIP Reserve
2. Work certified is 100%	Advance received from contractee
3. Extracts of Balance Sheet liability	Office overhead
4. Depreciation on office furniture	Bridge Construction
5. Process costing	Selling & Distribution overhead
6. Salesman commission	Notional profit
7. Normal loss	Manufacturing of steel
8. Abnormal loss	Avoidable
9. Extracts of Balance Sheet asset	Unavoidable
10. Imaginary value	Cash received from contractee

Q2. A Plastic manufacturing company gives you the following information from which you are required to prepare process accounts for the year ended 31st March 2014. 500 Units were introduced in Process A @ Rs.4/- each. **15 marks**

Particulars	Process A	Process B	Process C
	(Rs.)	(Rs.)	(Rs.)
Direct Materials	2600	2000	1025
Direct Wages	2250	3680	1400
Production overheads	2250	100% of wages	100% of wages
Output generated (Units)	450	340	270
Percentage of normal loss	10	20	25
Scrap value of normal loss units	2	4	5

OR

Q2. Godrej Ltd. gives you the following information from which you are required to prepare process accounts for the year ended 31st March 2014. 20000 units @ Rs. 10/- each were introduced in process I. **15 marks**

Particulars	Process I	Process II
	(Rs.)	(Rs.)
Indirect materials	20500	76250
Labour	6250	12500
Electricity expenses	35000	63000
Direct expenses	33250	64250
Percentage of normal loss	5	10
Scrap value per unit of normal loss	10	15
Output generated (Units) (Excluding the units sold)	16000	12000

Out of the total units manufactured in Process I, 3000 units were sold @ Rs. 20 per unit. And Out of the total units manufactured in Process II 3000 units were sold @ Rs. 35 per unit.

Q3. M/s. Uttam Builders undertook a contract for Rs.20000 for constructing a bridge. The following is its information:

Particulars	Rs.
Materials	2150
Labour	5011
Outstanding labour	631
Value of plant	1500
Estimated scrap value of plant	100
Estimated life of plant	5 years
Supervisor salary	1200
General expenses	1261
Work uncertified	2328
Materials at site	240
Cash received	8000
Work certified	10000

The plant was used in the contract for 73 days (assume 365 days in a year). The supervisor was appointed on 1st April 2013 and he devoted only half of his time for this contract.

Prepare contract account and show how the various figures will appear in the Balance Sheet as on 31st December 2013. **15 marks**

OR

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Q3. Relm constructions Pvt. Ltd. is engaged in two contracts A and B. From their books of accounts the following information in respect of year 2014 is obtained:

Particulars	Contract A (Rs.)	Contract B (Rs.)
Materials sent to site	360000	1150000
Direct expenses	25800	107000
Wages	493200	1220000
Depreciation on plant	?	270000
Machinery (Opening value)	60000	80000
Rate of depreciation for machinery	10%	10%
Establishment expenses	15200	5000
Work uncertified	30000	985000
Materials at site	15000	75000
Cash received (80% of Work certified)	720000	4000000
Contract price	1800000	7500000

Prepare contract accounts for the period ended 31st March 2014

15 marks

Q4. a) From the following prepare reconciliation statement.

8 marks

1. Net profit as per financial accounts Rs.40340
2. Income tax provision made Rs. 30000
3. Materials purchase of Rs. 5000 were recorded in cost books at standard cost of Rs.24 per unit whereas in financial books it was recorded at actual cost of Rs.22per unit
4. Old bad debts recovered Rs. 20500
5. Loss on sale of furniture was Rs. 4120

b) Calculate percentage of work certified, profit to be transferred to P&L Account and amount of WIP Reserve from the following information:

7 marks

Particulars	Amount
Notional profit	375000
Cash received	245000
Work certified	560000
Contract price	820000

OR

Q4. From the following information prepare cost sheet for the year ended 31st March 2014.

15 marks

Particulars	Rs.
Direct Wages	357000
Office Overheads	110000
Opening Stock of WIP	121700
Opening Stock of Raw Materials	611700
Closing Stock of WIP	135600

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Closing Stock of Raw Materials	75400
Sale of Raw Materials Scrap	1350
Factory Electricity Expenses	100000
Depreciation on Delivery Van	10000
Execution Expenses	60000
Salary to Foreman	99500
Purchase of Raw Materials	286500
Carriage Inward	5950
Sales	1250000

Q5. a) What are the different methods of calculating profit on an incomplete contract? **7 marks**

b) Explain how to calculate the following:

8 marks

- i) Abnormal loss
- ii) Normal loss
- iii) Abnormal gain

OR

Q5. Write short note on (Any 3, 5 marks each)

15 marks

1. Work certified
2. Reconciliation between cost and financial accounts
3. Cost of finished goods sold
4. Retention money
5. Advance received from Contractee