

Time: 3 Hours

Marks: 100

- N. B. (1) All questions are compulsory.
(2) Figures to the right indicate full marks.
(3) Use of simple calculator is allowed.
(4) Working notes should form part of your answer.

Q 1A) Multiple Choice Questions: - (Any 10) (10 Marks)

- i) In Contract costing loss of Material by Fire is credited to _____.
- Financial Profit & Loss A/c
 - Costing Profit & Loss A/c
 - Contract A/c
 - Contractee's A/c
- ii) Cost ledger contains _____.
- All personal A/c
 - All impersonal A/c
 - All nominal A/c
 - All real A/c
- iii) If cash received is 80% of work certified which is Rs. 4,80,000, Work certified will be _____.
- Rs. 4,80,000
 - Rs. 6,00,000
 - Rs. 6,20,000
 - Rs. 3,40,000
- iv) If sales are Rs. 5,00,000; variable costs are Rs. 2,00,000, the P/V ratio will be _____.
- 60%
 - 40%
 - 20%
 - 45%
- v) Normal loss is calculated at a certain percentage of the _____.
- Units introduced in the process
 - Direct materials
 - Cost of input
 - Direct labour
- vi) Output is 2,500 units. Normal loss is 300 units. Abnormal loss is 200 units. The input is _____.
- 2,000 units
 - 3,000 units
 - 1,500 units
 - 2700 units

vii) If standard cost of labour is Rs. 96,000 & actual cost incurred on labour is Rs. 97,800, the labour cost variance is _____.

- 1,800 F
- 1,800 A
- 1,93,800 A
- 1,93,800 F

viii) Process costing is applicable to _____.

- Paper Industry
- Transport Company
- Printing Press
- Repair works

ix) Stores ledger control account includes _____.

- All overheads incurred in process
- All wages incurred in process
- All purchases of material for the stores
- All indirect expenses incurred in process

x) An activity which generates cost is a _____.

- Cost drivers
- Cost unit
- Cost pool
- Cost centre

xi) If contract price is Rs. 15,00,000, work certified is Rs. 9,00,000. The amount transferred to Profit & Loss A/c would be _____.

- $\frac{1}{3}$ of Notional profit * Cash received / Work certified
- $\frac{2}{3}$ of Notional profit * Cash received / Work certified
- 60% of Cash price
- 60% of work certified

xii) In marginal costing, increase in selling price _____.

- Does not affect BEP
- Lowers the net profit
- Increases BEP
- Lowers the BEP

Q.1B) True or False (Any 10)

(10 Marks)

- a) Contract price is equal to work certified.
- b) Abnormal gain is credited to Process Account.
- c) Margin of safety is the excess of Breakeven sales over actual sales.
- d) Direct wages are debited to Wages Control Account.
- e) Work certified is a part of WIP.
- f) Process account is credited by scrap value of normal loss.
- g) WIP ledger shows cost of goods unfinished.
- h) Angle of incidence is angle between total sales line and total cost line drawn in Break Even Chart.

- i) In Target costing, wasteful activities are eliminated.
- j) A Variance Analysis is a difference between standard cost and actual cost.
- k) Idle time variance is always adverse.
- l) Non-integrated accounting is called Interlocking accounting system.

Q 2) Following information is related to a building contract undertaken by Moonlight Contractors for Rs. 25,00,000 and for which 80% of work certified by the architect is being paid by the contractee. (20 Marks)

Particulars	Year I	Year II	Year III
Material issued	3,00,000	3,62,500	2,10,000
Direct expenses	12,500	42,500	15,000
Direct wages	2,75,000	3,87,500	2,75,000
Subcontract charges	5,000	6,500	1,250
Plant issued	35,000	-	-
Material at site	5,000	12,500	20,000
Work Certified (Cumulative)	5,87,500	18,75,000	25,00,000
Work Uncertified	7,500	20,000	-

The value of plant at the end of Year I, II, III was Rs. 28,000, Rs. 17,500 and Rs. 7,500 respectively.

You are required to prepare Contract Account for all the three years.

OR

(20 Marks)

Q 2) Twinlight Contractors Limited obtained two contracts C1 & C2. Following information was extracted from their books for the year ended 31st March, 2023.

Particulars	Contract C1	Contract C2
Date of Commencement	1 st October, 2022	1 st December, 2022
Contract Price	1,05,00,000	22,50,000
Cash received	80% of WC	85% of WC
Work Certified	21,00,000	13,50,000
Work uncertified	78,000	42,000
Material issued	5,37,000	2,98,800
Material returned to stores	21,000	-
Indirect Material	2,20,000	2,43,900
Direct wages	4,42,500	2,66,250
Direct expenses	2,04,750	46,050
Sub-contract charges	41,250	33,750
Administrative charges	4,08,750	2,21,250
Supervision charges	95,550	-
Architect fees	78,000	40,500
Electricity charges	73,200	-
Plant issued at the commencement	33,75,000	18,00,000
Material at site at the end	1,09,500	81,000

Provide depreciation @ 20% per annum, on the original cost of the plant.

You are required to prepare Contract C1 & Contract C2 Account for the period ended 31st March, 2023.

Q 3) A product passes through three processes viz. X, Y and Z. the following details are available from the books and records for the year ended 31st March 2023 (20 Marks)

Particulars	X	Y	Z
Unit introduced	32,000	---	---
Cost per unit	16	---	---
Sundry Materials (Rs)	36,000	24,400	22,000
Direct labor (Rs)	10,000	14,000	13,200
Direct Expenses (Rs)	20,800	10,000	7,500
Production Overhead	50% of sundry material	40% of direct Labour	6,800
Normal loss (%)	5%	10%	12%
Scrap value Per unit (Rs.)	12	10	15
Actual Output	30,000	27,500	22,800

The output of each process passes directly to the next process and finally to the finished stock. You are required to prepare:

- Process account
- Normal Loss Account
- Abnormal Loss Account
- Abnormal Gain Account

OR

Q 3) M/s. Flowers Enterprises Ltd provides you with the following information for the month of March, 2023 about process A, B & C: (20 Marks)

Particulars	Process A	Process B	Process C
Basic Raw Material introduced (unit)	20,000	4,000	2,000
Cost of Raw Material per unit (Rs.)	20	12	18
Actual output (unit)	18,500	18,000	11,000
Direct Expenses (Rs.)	1,65,000	1,75,000	1,95,000
Direct Wages (Rs.)	1,30,000	1,08,720	1,28,132
Indirect Material (Rs.)	21,500	9,200	6,500
Factory Overheads (Rs.)	68,500	50,210	80,000
Normal Loss (as % of total No. of units input)	5%	10%	12%
Scrap Value per unit (Rs.)	6	4	8
Output Transferred to Next Process (%)	70%	60%	---
Output Sold at the end of process (%)	30%	40%	100%
Selling price per unit of the output sold at the end of the Process (Rs)	44	55	90

You are required to prepare Process Accounts

Q 4) Following are the balances in Cost ledger of Amrit Manufacturing Company on 1st April, 2022 (20 Marks)

	Debit(Rs)	Credit(Rs)
Stores Ledger Control Account	34,000	
WIP control account	45,600	
Finished Stock Ledger control Account	24,000	
Cost Ledger Control Account		1,03,600

Following are the transactions for the year ending on 31st March, 2023:

Particulars	Rs
Purchase of Raw material	1,00,000
Material issued to production	94,000
Direct Wages	1,40,000
Factory Overheads incurred	80,000
Selling & Distribution overheads incurred	32,000
Factory Overheads recovered	88,000
Selling & Distribution overheads recovered	31,500
Sales	4,00,000
Stock of WIP at end	50,000
Stock of Material at end	40,000
Stock of finished goods at end	30,000

You are required to prepare following Cost Control Accounts:

- Cost ledger control Account
- Stores Ledger Control account
- WIP Control Account
- Finished Stock Ledger Control Account
- Costing Profit & Loss Control Account

OR

Q 4 A) From the following particulars, you are required to calculate: (10 Marks)

- Profit Volume Ratio
- Break Even Point
- Profit when sale is Rs.2,50,000
- Sales required to earn profit of Rs. 50,000
- Margin of Safety in 2nd Year.

Year	Sales (Rs.)	Profit (Rs.)
I	3,75,000	25,000
II	4,50,000	40,000

Q 4 B) Calculate Material Cost Variances, Material Usage Variance, Material Price Variance from the following Data: (10 Marks)

Standard Quantity per 10 Units of production

Material 70 Kgs @ Rs.5 per kg.

Actual Production for the month=12,000 Units

Actual Material price per kg =@ Rs.5.5

Material used during the month=80,000 kgs

Q 5 A) Explain in detail about features of Contract costing. (10 Marks)

Q 5 B) What do you mean by Life cycle costing. (10 Marks)

OR

Q 5) Short Notes (Any Four) (20 Marks)

- i. General Ledger Adjustment Account
 - ii. Normal & Abnormal Loss
 - iii. Labour Efficiency Variance
 - iv. Significance of variance analysis
 - v. Marginal costing
 - vi. Activity Based Costing
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