



- Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) Define cost accounting? Explain elements of cost. 8
- b) Bombay Manufacturing company submits the following information on 31-3-2019. 8

Particulars	Amount
Sales for the year	2,75,000
Inventories at the beginning of the year	
• Raw Materials	3,000
• Work in Progress	4,000
• Finished Goods	1,10,000
Purchase of Materials	65,000
Direct Labour	6,000
Inventories at the end of the year	
• Raw Materials	4,000
• Work in Progress	6,000
• Finished Goods	8,000
Other expenses for the year	
Selling expenses	27,500
Administrative expenses	13,000
Factory overheads	40,000

Prepare statement of Cost.

OR

- c) The following information is given to you from which you are required to prepare Cost Sheet for the period ended on 31st March 2006: 16

Particulars	Amount
Consumable Material:	
Opening Stock	20,000
Purchases	1,22,000
Closing stock	10,000
Direct Wages	36,000
Direct Expenses	24,000
Factor Overheads	50% of direct wages
Office and administration overheads	20% of works cost
Selling and distribution expenses	Rs. 3 per unit sold
Units of finished goods	
In hand at the beginning of the period (Value (Rs. 12,500))	500
Units produced during the period	12,000
In hand at the end of the period	1,500

Find out the selling price per unit if 20% profit on selling price. There is no work-in progress either at the beginning or at the end of the period.

2. a) The profit as per cost account is Rs. 1,50,000 the following details are ascertain on comparison cost and financial account.

Particulars	Cost Account	Financial Account
a) Opening Stock:		
Material	10,000	15,000
Finished Goods	18,000	16,000
b) Closing Stock		
Material	12,000	13,000
Finished Goods	20,000	17,000

Other information

- Interest Charged but not Paid Rs. 10,000
- Write off Preliminary expenses Rs. 500 and Goodwill Rs. 1,500
- Dividend on UTI received Rs. 1,000
- Indirect expenses charged in financial accounts Rs. 80,000 but Rs. 75,000 recovered in cost account.

Find out the financial profit by preparing a Memorandum reconciliation account.

- b) The net profits of Nidhi Limited according to financial accounts was Rs. 84,377 while profits shown by cost accounts was Rs. 1,06,200 for the same year. Prepare reconciliation statement to reconcile both the profits from the following information: 8

i)	Depreciation charged in financial accounts	5,600
	while recovered in cost accounts	6,250
ii)	Works overheads under absorbed in cost accounts	1,560
iii)	Office overheads over-recovered in cost accounts	850
iv)	Interest on loans (credit) not included in cost accounts	4,000
v)	Loss due to obsolescence charged in financial accounts	2,850
vi)	Bank interest and dividends received	375
vii)	Income-Tax Paid	20,150
viii)	Loss due to depreciation in inventories charged in financial accounts	3,375
ix)	Stores adjustment credited in financial accounts	237

OR

- c) The following is the summarized version of trading and Profit and Loss account of Atharv Enterprises Limited for the year ending 31st December 2016. 16

Trading and Profit & Loss A/c

Particulars	Amount	Particulars		Amount
To Materials	1,44,000	By Sales		2,88,000
To Wage	1,08,000	By Closing stock of finished goods		61,200
To works overheads	72,000	By W-I-P:		
To Gross profit	43,200	Materials	9,000	
		Wages	5,400	
		Works Overheads	3,600	18,000
	3,67,200			3,67,200
To Administrative Overheads	18,000	By Gross Profit		43,200
To Net Profit	25,200			
	43,200			43,200

During the year, 6000 units over manufactured and 4,800 of them were sold. The costing records show that works overheads have been estimated at Rs. 9 per unit produced and

administrative overheads at ₹ 4.5 per unit produced. The costing books show a profit of Rs. 33,120 **Required-**

- Prepare a statement of cost and profit as per cost a/c
- Prepare Reconciliation Statement

3. a) Prepare a Process Account, Abnormal Loss Account and Normal Loss Account from the following information- 8

- Input of Raw material 1000 units @ Rs. 20 per unit
- Direct Material Rs. 4,200/-
- Direct Wages Rs. 6,000/-
- Production Overheads Rs. 6,000/-
- Actual output transferred to process II 900 units
- Normal Loss 5%
- Value of Scrap per unit Rs. 8/-

- b) The Bharat Manufacturing Company's product passes through two distinct processes, X and Y, and then to the finished stock. It is known from the past experience that wastage occurs in the process as under: 8

In process X, 5% of the units entering the process

In Process Y, 10% of the units entering the process.

The scrap value of the wastages in process X is Rs. 8 per 100 units and in process Y is Rs. 10 per 100 units.

Particulars	Process X	Process Y
Material Consumed	6,000	3,000
Wages	7,000	4,000
Manufacturing Expenses	2,000	2,000

10,000 units were bought into process X, costing Rs. 5,000 the output were

Process X : 9,500 Units

Process Y: 8,500 Units

Prepare process cost accounts showing the cost of the output.

OR

- c) The following details are extracted from the costing records of an oil mill for the year ended 31st March 2018: Purchase of 500 Tonnes Copra Rs. 2,00,000. 16

Particulars	Crushing	Refining	Finishing
Cost of Labour	2,500	1,000	1,500
Electric Power	600	360	240
Sundry Materials	100	2,000	--
Stream	600	450	450
Repairs of Machinery	280	330	140
Factory expenses	1,320	600	220
Cost of Casks	--	--	7,500

300 tonnes of crude oil were produced. 250 tonnes of oil were produced by the refining process. 248 tonnes of refined oil were finished for delivery. Copra sacks were sold for Rs. 400. 175 tonnes of Copra residue were sold for Rs. 11,000. Loss in weight in crushing 25 tonnes, 45 tonnes of by-products obtained from refining process valued at Rs. 6,750.

You are required to show the accounts in respect of each of the following stages of manufacture for the purpose of arriving at the cost per tonne of each process and the total cost per tonne of the finished oil.

- a) Copra Crushing Process
- b) Refining Process
- c) Finishing Process Including casking

4. a) On 3rd January, 2018 Beas construction Ltd. started work on the construction of an office block at a contracted price of Rs. 7,50,000. The construction company's financial year ended on 31st October, 2018 and on that date the accounts pertaining to the contract contained the following balances:

8

Materials issued to site	1,61,000
Materials returned from Supervisory Staff Direct site	14,000
Wages paid	68,000
Own Plant in use on site (at Cost)	96,000
Hire of Plant and Scaffolding	72,000
Supervisory Direct	11,000
Indirect	12,000
Head office Charges allocated to the contract	63,000
Value of Work Certified to 31-10-2018	4,00,000
Cost of Work Completed but not yet Certified	40,000
Cash Received on Work Certified	3,30,000

Depreciation on own plant is to be provided at the rate of 12½% per annum on cost; Rs. 2,000 is owing for wages: Estimated value of materials on site Rs. 24,000. You are required to prepare the Contract Account for the period ended 31st October, 2018 showing the amount to be included in the construction company's Profit and Loss Account.

- b) The following is a summary of entries in a Contract ledger as on 31st December, 2018 in respect of Contract No. 27.

8

Direct Materials	30,000
Materials from stores	6,500
Wages	17,210
Direct Expenses	6,710
Establishment Charges	8,000
Plant	34,200
Sale of Scrap	1,820
Sub-contract Cost	7,210

The following further information is made available to you:

- a) Accrued as on 31st December, 2018 were:
- b) Wages Rs. 800 and Direct Expenses Rs. 1,120
- c) Depreciation of plant up to 31st December, 2018 was Rs. 8,550
- d) Included in the above summary of entrees were: Wages Rs. 1,000, Othe Expenses Rs. 1,500 and Materials Rs. 2,080. These expenses were incurred after certification.
- e) Materials on site on 31st December, 2018 cost Rs. 10,000
- f) Rs. 62,500 worth of work had been certified up to 31st December, 2018 when three eighth of the contract remained uncompleted.
- g) The total contract price was Rs. 1,00,000.

You are required to show what profit or loss would be taken into the accounts for the year ended 31st December, 2018 in respect of this contract.

OR

- c) Modern Construction Ltd. Obtained a contract No. B-37 for 40 lakhs. The following balances and information relate to the contract for the year ended 31st March, 2014:

Particulars	1-4-2013	31-3-2014
Work-in Progress:	9,40,000	30,00,000
Work certified Work uncertified	11,200	32,000
Materials at site	8,000	20,000
Accrued wages	5,000	3,000

Additional Information relating to the year 2013-2014 are:

Particulars	Amount
Materials issued form store	4,00,000
Materials directly purchased	1,50,000
Wages paid	6,00,000
Architect's fees	51,000
Plant hire charges	50,000
Indirect expenses	10,000
Share of general overheads for B-37	18,000
Materials returned to store	25,000
Materials returned to supplier	15,000
Fines and penalties paid	12,000

The contractee pays 80% of work certified in cash. You are required to prepare:

- Contract Account showing clearly the amount of profits transferred to Profit and Loss Account.
- Contractee's Account
- Balance Sheet

5. Write short note-

- State the importance of Cost accounting. 4
- Need of Reconciliation. 4
- Application of Process Costing. 4
- Features of Contract Costing. 4
