3 Hours Total Marks 100

Note:

1. All Questions are compulsory.
2. Figures to the right indicate full marks allotted to the questions.
3. Working Notes wherever necessary should form a part of your answer.
4. Calculate figures up to the two decimal points wherever required.

Q1. A) Multiple Choice Questions. (answer any ten) 10

1. Standard Quantity of Materials is 1,000 kg, Actual Quantity is 900 kg, Standard Price is Rs. 12 per kg, Actual Price is Rs.16 per kg. Find material price variance____
   a. Rs.2,400(A) b. Rs.3,600(A)
   c. Rs. 1,200(F) d. Rs.2,100(F)
2. In standard costing, Labour Rate Variance affects________
   a. Material Cost Variance b. Material Price Variance
   c. Labour Cost Variance d. Labour Efficiency Variance
3. Material Cost Variance = ______ Plus Material Usage Variance.
   a. Labour Efficiency Variance b. Material Price Variance
   c. Material Mix Variance d. Material Yield Variance
4. Cost drivers are ________.
   a. group of individual costs whose total is allocated b. used to assign costs
   c. selected to minimize allocated costs d. equivalent to cost pools
5. The process of Benchmarking begins with the ______ phase
   a. Data collection b. Analysis
   c. Review d. Plan
6. The full form of ABC is ____________.
   a. Activity Based Costing b. Action Based Costing
   c. Activity Business Costing d. Accounting Based Costing
7. Marginal costing is mainly concerned with _______
   a. Fixed cost b. variable cost
   c. semi fixed cost d. Estimated cost
8. Contribution is equal to _______
   a. Sales + Variable cost b. Fixed Cost - Profit
   c. Sales x P/V ratio d. Sales - profit
9. A company has sales of Rs. 4,00,000, P/V ratio is 20% and fixed cost is Rs. 30,000, the profit will be Rs.______.
   a. Rs 50,000 b. Rs.40,000
   c. Rs.70,000 d. Rs.80,000
10. Opening balance of WIP is recorded on ________
    a. Debit side of Stores ledger control account
    b. Credit side of Stores ledger control account
    c. Debit side of WIP ledger control account
    d. Credit side of WIP ledger control account

11. Subcontract Cost paid for the Contract is debited to ___________
    a. Contractee Account
    b. Contract Account
    c. Sub- Contact Account
    d. Costing Profit and Loss Account
12. Process Output is 50,000 units, Normal Loss is 6,000 units, Abnormal Loss is 4,000 units .The Input is _________.
    a. 40,000 units
    b. 30,000 units
    c. 60,000 units
    d. 75,000 units

B) State whether the following statements are True or False (any ten): 10

1. Material usage variance is calculated on the basis of difference between the standard price and the actual price.
2. The standard cost and the estimated cost are the synonyms of each other.
3. Standard cost denotes cost which is pre-determined on the basis of specifications laid down by the management.
4. Machine setup is normally considered a batch level activity.
5. ABC does not lead to control over overhead costs.
6. Overheads are allocated on the basis of direct labour cost only.
7. Contribution is the sum total of fixed cost and profit.
8. The selling price reduction results in reduction of P/V ratio.
9. At no profit no loss Contribution is equal to fixed cost.
10. When raw material is purchased, the stores ledger account is debited.
11. In Contract Costing, the amount of work done after the certification by the architect is known as work certified.
12. Normal loss is treated as normal cost of production.

Q2 A) M/s. Akshay & Company has undertaken two contracts one at Mumbai and another at Nasik. The details of the contracts are given below for the year ended 31st March, 2023: **20**

	Contract at Mumbai	**Contract at Nasik**
Date of commencement	1st July, 2022	1st October, 2022
Contract Price	10,00,000	20,00,000
Direct Labour	2,60,000	1,90,000
Material issued from stores	2,00,000	2,20,000
Material returned to stores	15,000	18,000
Plant installed at site	2,50,000	4,00,000
Direct Expenses	50,000	40,000
Office Overheads	20,000	15,000
Material Sold (Cost Rs.10,000)	12,000	--
Material at Site	25,000	35,000
Cash received from Contractee (representing 80% of work certified)	5,00,000	2,40,000
Work Uncertified	15,000	12,000
Architect Fees	10,000	5,000

(i) Provide depreciation on plant at 25% p.a.

(ii) During the year materials costing Rs.16,000 were transferred from Nasik Contract to Mumbai Contract.

Prepare Mumbai Contract A/c & Nasik Contract A/c.

OR

Q2 B) Ahuja Construction Pvt. Ltd provides you the following information: **20**

Particulars	Actual Expenditure (1/9/2021 upto 31/3/2022)	Estimated Additional Expenditure (1/4/2022 to 31/3/2023)
Direct Material	1,95,600	1,40,000
Indirect Material	1,14,500	1,27,000
Direct Wages	4,22,000	4,15,000
Supervision Charges	1,40,000	55,000
Architect Fees	1,81,000	1,15,000
Construction overheads	1,35,800	21,750
Administrative Overheads	15,160	24,000
Closing Material at site	75,000	----
Work Uncertified at the end of the year	1,14,800	----
Work Certified during the year	12,50,000	14,50,000

i. Contract Price was Rs.27,00,000

ii. The value of Plant & Machinery sent to site was Rs.6,00,000, whereas the scrap value of the plant & Machinery at the end of the project was estimated to be Rs.30,000

iii. It was decided that the profit to be taken credit for should be that proportion of the estimated profit to be realized on completion of the project which the certified value of work as on 31/3/2022 bears to the total contract price.

You are required to prepare Contract A/c for the period ended 31st March, 2022 along with the working of profit to be taken credit for and estimated contract A/c for the year ending 31/3/2023.

Q.3 A) Abhijeet ltd. Follows non-integrated system of accounting. Following is the trial balance as on 1-1-2023 **20**

Particulars	Dr. ₹.	Cr. ₹
Cost Ledger Control a/c		12,00,000
Stores Ledger Control a/c	3,75,000	
W-I-P Control a/c	3,00,000	
Finished Goods Control a/c	5,25,000	

Following are the transactions during the month of January 2023.

Material purchased	11,25,000
Material issued to production	4,50,000
Material issued to factory	60,000
Material issued to office	15,000
Total Wages paid	4,50,000
Direct Wages charged to Production	3,75,000
Indirect Wages	75,000
Office Overheads Paid	45,000
Office Overheads applied to Finished Goods	57,000
Selling and Distribution overheads incurred	45,000
Selling and Distribution overheads applied to Cost of Sales	46,500
Factory Overheads charged to Production @35% of Direct Wages	
Finished Goods Produced	12,00,000
Cost of goods sold	15,00,000
Sales	18,00,000

Prepare the following ledger accounts for the month of January 2023

1. Stores Ledger control a/c
2. Work-In-Progress control a/c
3. Finished Goods Ledger control a/c
4. Cost Ledger Control a/c
5. Factory Overhead Control a/c
6. Office Overhead Control a/c
7. Selling and Distribution overhead Control a/c
8. Costing Profit and Loss a/c

OR

Q3.B) Product M is manufactured after it passes through three processes. The following information is obtained from the records of a company for the year ended 31st March, 2023. **20**

Particulars	Process A	Process B	Process C
Direct Material	1250	1000	1500
Direct Labour	1000	1500	2000

500 units at ₹ 5 each were introduced to Process A. There was no stock of materials or work in progress at the beginning and at the end of the year. The output of each process direct to the next process and finally to the Finished Stock A/c. The following additional data is available:

Particulars	Output during the week	Percentage of the normal loss to input	Value of scrap per unit (₹)	Production overhead (₹)
Process A	475	5%	3	1,000
Process B	420	10%	5	1,500
Process C	375	10%	5	2,000

Prepare Process Cost Accounts and Abnormal Gain or Loss Accounts for the year ended 31st March ,2023.

Q 4.A.1 10

In a company:

- Direct Material Rs 4 Per Unit.
- Direct Labour Rs 3 Per Unit.
- Direct Expenses 100% of Direct Labour.
- Selling Price Rs 20 Per Unit.
- Fixed Overheads Rs 50000.

Calculate the following:

1. Break Even Point in units.
2. What should be the Selling Price Per Unit, if the Break Even Point is to be brought down to 4000 units?
3. How many units must be sold to earn a Profit of Rs 10000?

Q4.A.2. 10

The following data is available for the company dealing in 2 products A and B. Find the relevant Variances.

Particulars	Product A	Product B
Standard Material	10000 Kg.	15000 Kg
Standard Price	Rs. 1.5 per Kg	Rs.2.00 per Kg
Actual Material required	8000 Kg	12000 Kg
Actual Price	Rs.1.60 per Kg	Rs.2.20 per Kg.

OR

Q4.B.1. Pass necessary journal entries in the books cost records of the companies from the following information under non-integrated system 10

Particulars	₹
Raw Material Purchased on Credit	205000
Wages Incurred	50800
Manufacturing overheads Incurred	64000
Materials issued to Production	44400
Materials returned to suppliers	24800
Manufacturing overheads charged to Production	21000
Finished goods produced	450000
Selling and Distribution overheads Incurred	47000
Selling and Distribution overheads charged to Production	26900
Sales	700000

Q4.B.2. 10

Product 'D' is obtained after it is processed through process P & Q.

The following cost information is available for the month ended 31st March, 2023.

Particulars	Processes	
	P	Q
Number of Units Produced in the process	250	-
Rate per Unit of units introduced (₹)	04	-
Cost of Material (₹)	1300	1000
Direct Wages (₹)	1125	1840
Production Overheads (₹)	1125	1840
Normal Loss (% on units introduced in each process i.e. Input)	10%	20%
Value of Scrap per unit (₹)	02	04
Output in units	225	180

There is no stock in any process. You are required to prepare the Process Accounts

Q5.Answer the following questions .

A. Explain the concept of Target Costing in detail? 10

B Explain the concept of Normal Loss, Abnormal Loss and Abnormal Gain in Process costing ? 10

OR

Q5 Write short notes **(Any four out of six).** 20

a) Benchmarking
b) Stages of Life Cycle Costing.
c) Cost Ledger Control Account.
d) P/V ratio.
e) Variance
f) Notional Profit.