

# P P SAVANI UNIVERSITY

Fourth Semester of BCom Examination

May 2022

SLMC2171 Cost Accounting - 2

Time: 09:00 a.m. To 11:30 a.m.

06.05.2022, Friday

Maximum Marks: 60

**Instructions:**

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same answer sheets.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of scientific calculator is not allowed.

**SECTION - I**

**Q - 1** Match the following items with their respective heading : **[05]**

- (i)
- |                                   |                                      |
|-----------------------------------|--------------------------------------|
| 1. Direct Material and Labour     | a) Selling and Distribution Overhead |
| 2. Depreciation on machinery      | b) WIP Control account               |
| 3. Delivery van expenses          | c) Cost of Sale                      |
| 4. Factory Overhead charged       | d) Factory Overhead                  |
| 5. Finished Goods control account | e) Prime Cost                        |

**Q - 2** **[10]**

Particulars	1/05/2020	30/06/2020
Cost of Raw Material	6,00,000	5,00,000
Cost of Work-in-process	1,20,000	1,50,000
Cost of Finished goods	9,00,000	11,00,000

Purchase of Raw Material during the month	48,00,000
Wages paid	24,00,000
Factory O/H	10,00,000
Admin O/H	5,00,000
Selling & Distribution O/H	2,50,000
Sales	10,00,000

Prepare a Cost Sheet.

**OR**

**Q - 2** Zion company manufacturing 1,000 machines in 2018-19 **[10]**

Cost of materials	4,00,000
Wages paid	6,00,000
Manufacturing expenses	2,50,000
Salaries	3,00,000
Rent, rates and Insurance	50,000
Selling expenses	1,50,000
General expenses	1,00,000
Sales	20,00,000

The Zion company plans to manufacturing 1200 machines next year. Submit a cost sheet where company earns a profit of 10% on selling price and where:

1. The price of raw material will rise by 20% on previous year's level.
2. Wage rate will rise by 5%
3. Manufacturing expenses will rise in preparation to the combined cost of raw-material & wages
4. Selling expenses per unit will remain the same.
5. Other expenses will remain same by the rise in output.

**Q - 3** A manufacturing company disclosed a net loss of Rs. 3,47,000 as per their cost accounts for the year ended March 31, 2014. The financial accounts however disclosed a net loss of Rs. 5,10,000 for the same period. The following information was revealed as a result of scrutiny of the figures of both the sets of accounts. **[10]**

	(Amount in Rs.)
(i) Factory Overheads under-absorbed	40,000
(ii) Administration Overheads over-absorbed	60,000
(iii) Depreciation charged in Financial Accounts	3,25,000
(iv) Depreciation charged in Cost Accounts	2,75,000
(v) Interest on investments not included in Cost Accounts	96,000
(vi) Income-tax provided	54,000
(vii) Interest on loan funds in Financial Accounts	2,45,000
(viii) Transfer fees (credit in financial books)	24,000
(ix) Stores adjustment (credit in financial books)	14,000
(x) Dividend received	32,000

Prepare a memorandum reconciliation account.

**OR**

**Q - 3** The transaction for the year ended March 31, 2021 were as given below : **[10]**

Direct Wages	1,97,925	-
Indirect Wages	11,375	2,09,300
Purchase of materials (on credit)		2,27,500
Materials issued to production		2,50,250
Material issued for repairs		4,550
Goods finished during the year (at cost)		5,89,125
Credit Sales		6,82,500
Production overheads absorbed		1,09,200
Production overheads paid during the year		91,000
Production overheads outstanding at the end of year		7,775

You are required to draw following ledger assuming non integrated accounting system is followed:

- (1) Store Ledger Control Account
- (2) Factory Overhead Control Account
- (3) WIP Control Account
- (4) Finished Goods Control Account



**Q - 4** Attempt any one : **[05]**

- (i) Journalise the following transactions under non integral accounting system.
- |  |              |
|--|--------------|
| Direct wages paid in cash              | Rs. 60,000   |
| Indirect wages paid in cash            | Rs. 30,000   |
| Raw material purchased in cash         | Rs. 15,000   |
| Raw material purchased on credit       | Rs. 2,90,000 |
| Stores issued against production order | Rs. 2,75,000 |
| Works expenses paid in cash            | Rs. 55,000   |
| Works expenses allocated to jobs       | Rs. 80,000   |
- (ii) Calculate works cost or factory cost from the following details:-

Raw material consumed	= Rs 50,000
Direct wages	= Rs 20,000
Direct expenses	= Rs 10,000
Factory expenses 80% of direct wages	
Opening stock of work in progress	= Rs 15,000
Closing stock of work in progress	= Rs 21,000

**SECTION - II**

**Q - 1 (a)** Match the following items with their respective heading. **[03]**

<b>Contract completion stage</b>	<b>Profit to be recognized</b>
a) 24 % Contract completed	i. 2/3 <sup>rd</sup>
b) 48 % Contract completed	ii. 1/3 <sup>rd</sup>
c) 76 % Contract completed	iii. None
	iv. 50 % profit

**Q.1 (b)** State the formula for the profit that needs to be transferred to P&L Account when Contract is almost complete. **[02]**

**Q - 2** SIP Ltd commenced a contract on 1st April and provides the following information as at 31st December, (being the close of the financial year) - **[10]**

1. Materials issued to Contract Rs.2,51,000.
2. Labour Charges Payable Rs.5,65,600.
3. Salary to Foreman Rs.81,300.
4. A machine costing Rs.2,60,000 has been on site for 146 days, its working life is estimated at 7 years, and final scrap value Rs.15,000.
5. A Supervisor, who is paid Rs.8,000 per month has devoted one half of his time to this contract.
6. All other expenses and administrative charges amount to Rs.1,36,500.
7. Materials in hand at site costs Rs.35,400 on 31s December.
8. Cash received Rs. 15lakhs

The Contract Price is Rs.20 lakhs. On 31st December, 2/3 of the Contract was completed. However, the Architect has issued certificates covering 50% of the Contract Price only. If the Work uncertified is Rs. 2,00,000 then find out the profit on prudence basis to be charged to Profit & Loss account and prepare Contract Account.

**OR**

**Q - 2** A construction company undertook a contract at an estimated price of Rs. 100 lakhs, **[10]**



The relevant data for the year ended 31.03.2014 are as under:

Materials issued to site	5,000,000
Direct wages paid	2,800,000
Plant hired	700,000
Site office costs	270,000
Materials returned from site	100,000
Direct expenses	100,000
Progress payment received	7,000,000

A special plant was purchased specifically for this contract at Rs. 8,00,000 and after use on this contract till the end of 31.03.2014, it was valued at Rs. 5,00,000. This cost of materials at site at the end of the year was estimated at Rs. 18,00,000. Direct wages accrued as on 31.03.2014 was Rs. 1,10,000. Work certified 85 Lakhs and work uncertified 5 lakhs

Required :

Prepare the Contract Account for the year ended 31st March, 2014 and compute the profit to be taken to the Costing Profit and Loss account.

Q - 3

Work out in appropriate cost sheet from the unit cost per passenger KM for the year 2004-05 for a fleet of passenger buses booked by a Transport company from the following figures extracted from its books:

[10]

5 passenger buses costing Rs.50,000 , Rs.1,20,000 , Rs.55,000 , and Rs.80,000 respectively (Total cost is Rs.3,50,000). Yearly depreciation of vehicles is 20% of the cost. Annual repairs, maintenance and spare parts expenses are 80% of depreciation.

Wages of 10 drivers	@Rs.100 each per month
Wages of 20 drivers	@Rs.50 each per month
Yearly rates of interest	4% on capital
Rent of Six garages	@Rs.50 each per month
Director's fees	@ Rs.400 per month
Office establishment	@Rs.1000 per month
License and Taxes	@Rs.1000 every six months

Realization by sale of old tyres and tubes is @ Rs.3200 every six months. 900 passengers were carried over 1600 KMs during the year.

OR

Q - 3 Varun Limited is running four buses between Delhi and Alwar, covering a distance of 100 KMs. The seating capacity of each bus is 40 passengers. The following particulars are obtained from its books for the month of October 2009:

[10]

Wages of drivers and conductors	Rs. 9,600
Salaries of office staff	Rs. 3,000
Honorarium of accountant	Rs. 1,000
Diesel, oil etc.	Rs. 16,000
Repair and maintenance	Rs. 3,200
Road tax and insurance	Rs. 6,400
Depreciation	Rs. 10,400
Interest and other charges	Rs. 8,000



Actual passengers carried were 75% of the seating capacity.

All the buses ran for 30 days. Each bus made one round trip per day. Find out the fare the company should charge per passenger KM if it wants a profit of 20% on the taking

Q - 4 Attempt any one

[05]

(i) From the following particulars compute a conservative estimate of profit by methods on a contract which is 90 percent complete:

	Amount (Rs.)
Total expenditure to date	8,50,000
Estimate further expenditure to complete the contract	1,70,000
Contract Price	15,30,000
Work Certified	13,00,000
Work not certified	85,000
Cash received	12,00,000

(ii) A lorry starts with 20 tonnes of goods from station. It unloads 8 tonnes at station B and rest goods at station C. It reaches back directly to station A after getting reloaded with 16 tonnes of goods at station C. The distance between A to B and B to C and then from C to A are 80 kms, 120 kms and 160 kms respectively. Compute absolute tonne-kms and commercial tonne kms.

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