

Con. 4870-09.

GM-5486

(2 Hours)

[ Total Marks : 60

- N.B. : (1) All questions are **compulsory**.  
(2) Each questions has an **internal** option.  
(3) Each questions carries **15** marks.  
(4) Working should form **part** of your answer.

1. KARMA BUILDERS LTD., furnishes you with the following information for the year ended 31st Mach, 2008 and 31st March, 2009. 15

Particulars	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2009
	Rs.	Rs.
Material issued	26,000	49,400
Labour charges	4,000	30,000
Sub-contract charges	5,000	10,000
Value of the work certified during the year (Cash received 90% of work certified)	40,000	1,60,000
Closing stock of materials at site	6,000	—

The total contract price Rs. 2,00,000. The entire amount was received by 31<sup>st</sup> March, 2009. As per the accounting policy adopted by the compay, no profit is to be considered unless the value of work certified at the year end exceeds 25% of the contract price.

**Prepare** (1) Contract Account (2) Contractee's Accounts for the year ended 31st Mach, 2008 and 31st March, 2009.

OR

1. GMR CONSTRUCTION LTD. is engaged in a contract during the year ended 31<sup>st</sup>, December, 2008. The details are given below : 15

Particulars	Rs.
Date of Commencement 1st April, 2008	
Contract price	6,00,000
Materials sent to site	1,20,000
Material issued from stores	40,000
Materials returned to stores	4,000
Materials at site on 31 <sup>st</sup> December, 2008	22,000
Direct labour	1,40,000
Direct expenses	60,000
Architect fees	2,000
Establishment charges	25,000
Plant installed at cost	80,000
Depreciation charged @ 25% per annum.	
Accrued wages on 31st December, 2008	10,000
Accrued Expenses on 31 <sup>st</sup> December, 2008	6,000
Cost of work not year certified	23,000
Cash received from contractee (90% of the work certified)	3,78,000
Materials transferred to another contract.	9,000

Prepare Contract A/c, Contractee's A/c, and Balance Sheet (extract) as on 31st December, 2008.

2. A product called M.Com. passes through three different processes called M, C, and OM respectively. 15  
 The following information is available for the year ended 31st December, 2008.

	Process		
	M	C	OM
<i>Financial Data :</i>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Raw Materials (cost per unit)	250	—	—
Sundry Material Consumed	20,000	18,000	5,000
Wages Paid	30,000	40,000	30,000
Chargeable Expenses	5,000	8,960	3,250
Selling Price per unit	—	445	850
Sale of Scrap per unit	20	50	200
<b>Quantity Data :</b>			
Raw Materials introduced (units)	1,000	—	—
Normal Loss [%of input]	5%	10%	20%
Actual output (units)	930	850	400

Management Expenses during the year were Rs. 22,000 and Selling overheads were Rs. 58,000. These are not to be allocated to any process.

Entire output of process M was passed on to the next process.

50% of the output of process C was transferred to the next process and the balance was sold.

The entire output of process OM was sold.

Prepare accounts for all the three processes.

**OR**

2. From the following detail prepare statement of equivalent production, statement of cost and find the value of : 15  
 (a) Output Transferred, and  
 (b) Closing Work-in-progress.

Opening Work-in-progress	2,000 units
	<b>Rs.</b>
Materials (100% Complete)	7,500
Labour (60% complete)	3,000
Overhead (60% complete)	1,500
Units introduced into this process	8,000 units

There are 2,000 units in process and the stage of completion is estimated to be;

Materials	100%
Labour	50%
Overhead	50%

8,000 units are transferred to next process.

The process costs for the period :

Materials	Rs. 1,00,000
Labour	Rs. 78,000
Overhead	Rs. 39,000

3. TIRUPATI TRAVELS LTD. a transport company is running a fleet of six buses 15 between two towns 75 Kilometers apart. Seating capacity of each bus is 40 passengers. The following particulars are available for the month of September, 2009.

Particulars	Rs.
Wages of drivers, conductors and cleaners	3,600
Salaries of office and supervisory staff	1,000
Motor vehicle tax	500
Licence fees	400
Diesel, oil and grease	10,000
Depreciation	4,500
Repairs and maintenance	1,500
Insurance and taxation	600
Interest on capital	300
Garage rent	700
Tyres and Tubes	2,820

Actual passengers carried were 80 percent of the seating capacity. All the buses ran on all days of the month. (Assume 30 days). Each bus made one round-trip per day.

Find out the cost per passenger-kilometer.

OR

3. The following balances were extracted from a PINTOJI LTD's Cost Ledger as 15 on 31st March, 2009 :

Particulars	Debits (Rs.)	Credit(Rs.)
Raw Materials Control Accounts :	3,01,435	
Work-in-progress Control Accounts :	1,22,365	
Finished Stock Control Accounts :	2,51,945	
Manufacturing Overheads Control a/c	—	10,525
Cost Ledger Control A/c		6,65,220
<b>Total</b>	<b>6,75,745</b>	<b>6,75,745</b>

Further transactions took place during the following quarter as follows :

Particulars	Rs.
Finished goods at cost	2,10,835
Manufacturing overheads incurred	91,510
Raw materials purchased	1,23,000
Factory wages	50,530
Indirect labour	21,665
Cost of goods sold	1,85,890
Raw materials issued to production	1,27,315
Sales returns (at cost)	5,380
Raw materials returned to suppliers	2,900
Manufacturing overheads charged to production	77,200

Write up the necessary accounts in the Cost Ledger and draw a Trial balance.

4. The following figures have been extracted from the Financial Accounts of a VEER 15 INTERNATIONAL LTD., for the first year of its operation :

Particulars	Rs.
Direct Materials Consumption	25,00,000
Direct Wages	15,00,000
Factory Overheads	8,00,000
Administrative Overheads	3,50,000
Selling and Distribution Overheads	4,80,000
Bad Debts	5,000
Goodwill written off	20,000
Interest on Debentures	40,000
Interest on Investments	60,000
Sales (60,000 units)	60,00,000
Closing Stock	
Of Finished stock (2,000)	3,20,000

The Cost Accounts for the same period revealed that the direct materials consumed was Rs. 28,00,000. Direct Wages was Rs. 14,50,000. Factory Overhead is recovered at 20% on Prime Cost. Administrative Overhead is recovered at Rs. 6 per unit of production. Selling and Distribution overheads are recovered at Rs. 8 per unit sold.

You are required to prepare (a) Financial Profit and Loss Account; (b) Cost Sheet and (c) Reconcile the Profits as per the two records.

**OR**

4. Write short notes on : (any three) :— 15
- Treatment of Profit and Loss on incomplete contract
  - Need for reconciliation between Cost and Financial Records
  - Features of Operating Costing.
  - Treatment of Abnormal Loss and Abnormal Gain in process costing.