

Oct 2010

JKXADL

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TIME : 2 hours

MARKS : 60

Note :

- 1) Qno. 1 and Qno. 2 are compulsory
- 2) Qno. 3 and Qno. 4 after exercising internal option.

Q. 1 A Product is obtained after going through 3 processes. The following information is collected for september 2010. (15)

Particulars	Process I	Process II	Process III
Direct Material Rs.	65,000	49,500	74,050
Direct wages Rs.	50,000	75,000	1,00,000
Output in units (during the month)	950	840	750
Normal loss	5%	10%	15%
Value of scrap per unit in Rs.	5	5	4

Additional Information :

1,000 units @ Rs.15 each were introduced in Process I. There was no stock of materials or work-in progress at the beginning or at the end of the month.

The production overhead was Rs. 2,25,000 for that month, to be apportioned on the basis of direct wages. Prepare the process Accounts showing the normal loss, Abnormal loss and Adnormal gain.

Q. 2 Answer the following questions : (15)

- i) How are overhead costs of a job determined ?
- ii) What is Normal loss ? Explain.
- iii) What is joint product ? Define and give its features.
- iv) What is contract costing ? Explain and give examples.
- v) What is by-product ? Explain and give its features.

Q. 3 A) What is Job costing ? Give examples. Explain the situations when it is used. (5)

B) The work order for 5,000 units of a commodity has to pass through 4 different malhines of which the machine hour rates are as follows. :- (10)

Machine no	Worked for hours	Rate per hour Rs.
1	1,000	100
2	1,500	200
3	500	250
4	750	300

The following expenses have been incurred on the work order.

Materials Rs. 20,00,000

Wages Rs. 1,50,000

After the execution of workorder, material worth Rs. 25,000 were returned to the stores.

Administration overheads are estimated to be 40% of works cost.

Selling and distribution overheads are expected to be Rs. 25,000.

Find out the rate of selling price per unit if 20% profit on selling price is desired.

OR

- Q. 3 A)** The annual demand for a product is 8100 units. The unit cost is Rs. 6 and inventory carrying cost per annum is 25% of the average inventory cost. If the cost of procurement is Rs. 75, Determine the following :- (6)
- Economic order quantity.
 - Number of orders per annum.
 - Time between two orders.
- B)** A factory produces 4 products in a manufacturing process. In a period 5,000 units of A, 10,000 units of B, 7,500 units of C and 12,500 units of D were produced. The cost incurred upto the splitoff point were Rs. 3,50,000. Calculate the unit cost and show how the joint cost will be apportioned to the 4 products using average unit cost method. (5)
- C)** Production of 4,500 units of product M leads to 600 units of by-product N being produced. (4)
The cost of the process are :-

Particulars	Rs.
Direct material	90,000
Direct labour	54,000
Overheads	36,000
Total	1,80,000

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The market value of the byproduct is Rs. 45 per unit. Further processing costs of product N are Rs. 2700 and selling & distribution expenses are Rs. 1,000 calculate cost of product N.

Q. 4 M/s Buildcon Ltd. gives the information for contract. (15)

Estimated price : Rs. 1,08,00,000

Budgeted profit : Rs. 18,00,000

The relevant data for the year ended 31-03-2010 are as under.

Particulars	Rs.
Materials issued to site	50,00,000
Direct wages paid	38,00,000
Hire of plant	7,00,000
Site office costs	2,70,000
Materials returned from site	1,00,000
Direct Expenses	5,00,000
Work Certified	1,00,00,000
Progress payment received	72,00,000

A special plant was purchased specially for this contract at Rs. 8,00,000 and after use on this contract till the end of 31-03-2010, it was valued at Rs. 5,00,000.

The cost of materials at site at the end of the year was estimated at Rs. 18,00,000 Direct wages accrued as on 31-03-2010 was Rs. 1,10,000.

You are required to prepare the Contract Account for the year ended 31st March 2010 and calculate the profit to be taken to the Profit and Loss Account.

OR

Q. 4 Answer any 3 of following questions : (15)

- i) Explain Cost audit.
- ii) What is EOQ ? Explain assumptions of EOQ model.
- iii) Explain methods used for accounting treatment of By-products.
- iv) Explain the characteristics of Process costing.
- v) Give the proforma of contract Account.



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