SEAT No.________ **SARDAR PATEL UNIVERSITY** No. of Printed Pages : 3

[56] Fourth year B.Com - (International Accounting) Examination, Semester – VIII

Tuesday, 17th April 2018 (2:00 PM to 4:00 PM)

Advanced Costing-UB08ECOM01

Note: 1) Figures in the bracket to the right indicates marks. **Total Marks: 60**

2) Show all workings as a part of your answer.

Q-1(A) Modern contractors have undertaken the following contract on 1st April, 2017 (10)

Particulars	**Contract A**
Materials sent to sites	85,349
Labor engaged on sites	74,375
Plants installed at sites at cost	15,000
Direct Expenditures	3,167
Establishment charges	4,126
Materials returned to store	549
Work certified	1,95,000
Cost of work not certified	4,500
Materials in hand on 31st March 2018	1,883
Wages accrued on 31st March 2018	2,400
Direct Expenditure accrued on 31st March 2018	240
Value of Plant on 31st March 2018	11,000

The contract prices have been agreed at Rs. 2, 50,000. Rs. 1,80,000 Cash has been received from the contractee. Prepare Contract Accounts and work in progress a/c.

Q-1 (B) What is Escalation clause? How it is useful to contractor and contractee? (05)

OR

Q-1 Unique Construction company accepted the contract to construct a Water Tank with the contract price of Rs.25,00,000. It commenced the work on 1.4.2017 and incurred the following expenditure up to 31st March 2018. (15)

Particulars	Rs.
Materials	5,00,000
Machines issued on 1-7-2017	1,85,000
Wages paid	2,50,000
Direct Expenses	48,000
Indirect expenses	32,000
Cost of sub contract	28,000

You have been given the following information:

1. Expenses outstanding on 31-3-2018:
   Wages Rs.15,000
   Direct expenses Rs.12,000
2. Materials worth Rs.20,000 are destroyed by accident, scrap of materials realized Rs.6,000.
3. Cost of Uncertified work amounted to Rs.69,000
4. Cash received Rs.12,00,000 which is 80% of the work certified.
5. Materials lying on site as on 31-3-2018 Rs.72,000.
6. Provide 12% per annum depreciation on machines.
7. Transfer 2/3rd profit to P & L a/c on cash basis.

Prepare a contract account and show what profit or loss should be taken in to account for the year ended on 31st March 2018.

Q-2(A) What is Operating costing? State in which type of industries it can be implemented. (05)

(P. T. O.)

Q-2 (B) Calculate passenger kilometre rent to be charged by city bus of a transport company from the following information; (10)

Kilometre	Passengers
1	280
2	460
3	475
4	425
5	360

The details of the monthly expenditures are given as under;

Particulars	Amount (Rs.)
Wages of Drivers, conductors and cleaners	4,200
Salaries of office and supervisory staff	2,500
Fuel charges	3,000
Repairs and Maintenance	3,750
Taxation, insurance etc.	1,800
Depreciation	2000
Interest	2350

25% profit on fare prices per passenger kilometre is expected.

OR

Q-2 A Transport Company supplies the following details in respect of a truck of 5-tonne capacity: (15)

Cost of Truck	Rs. 90,000
Estimated Life	10 Year
Diesel, oil, grease etc.	Rs. 15 per trip each way
Repair and Maintenance	Rs. 500 per month
Driver's wage	Rs. 500 per month
Cleaner's wage	Rs. 250 per month
Insurance	Rs. 4800 per year
Tax	Rs. 2400 per year
Supervision charges	Rs. 4800 per year

The truck carries goods to and from city covering a distance of 50 miles each way. While going to the city freight is available to the extent of full capacity. Assuming that the truck runs on an average 25 days a month, calculate

(i) Operating cost per tonne-mile, and

(ii) Rate per ton per trip that the company should charge if profit of 50% on freightage is to be earned.

Q- 3 A product passes through three difference processes A, B and C. The details of all the processes are as under. (15)

Particulars	**Process**		
	A	**B**	**C**
Extra Material consumed (Rs.)	8750	8800	2480
Direct labours (Rs.)	2250	3680	1420
Production overhead (Rs.)	4000	3000	2750
Output (No. of units)	?	700	?
Normal Wastage (% of input)	10%	20%	25%
Sales Proceeds of Wastage(Rs.)	2	4	5
Abnormal Loss (No. of Unit)	-	?	-
Abnormal Gain (No. of Unit)	-	-	25

1000 units at Rs.5 per unit were introduced in Process A. There is no stock or work in progress in any process. From the above information, you are required to prepare process accounts and abnormal wastage and abnormal gain accounts.

OR

Q-3(A) What is Joint Product and By Product? Explain the treatment of both in Cost Accounting? (07)

Q-3(B) Write note on: (08)

1) Normal Loss and Abnormal Loss
2) Abnormal Gain
3) Process Costing

Q-4 From the following data prepare income statement under Absorption costing and Marginal Costing for the year ending on 31st March 2018. (15)

Production Capacity 40,000 units per annum
Actual Production 30,000 Units
Opening stock – 10,000 Units @ Rs. 25 Per Unit (includes variable cost Rs. 15 per unit)
Fixed Production Overheads Rs. 7,20,000 per annum
Sales -32,000 units@ Rs. 48
Variable Production Overheads Rs. 4,80,000
Fixed Selling Expenses Rs. 1,20,000
Variable Selling Expenses Rs. 90,000
Prepare profit statement under 1) Absorption Costing Method & 2) Marginal Costing Method

OR

Q-4 Following information is available from the books of X Limited. (15)

	Rs.
Direct material consumed	30
Direct labour	10
Production overheads (50% variable)	20
Administration overheads(50% variable)	10
Selling Overheads (30% Fixed)	10
Selling Price	90

There was no opening stock of Work in progress or finished goods.

During 20000 units were produced during the year and 18000 units were sold.

Prepare income statement under 1) Absorption costing 2) Marginal costing. Also explain the reasons for the difference between the net profit under both method.

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