

Date: 11/10/2017

Q-1 Answer the following. (Any Five)		[10]																				
1.	What is the meaning of office and administration overhead? How it consist?																					
2.	Explain the classification of overhead on the basis of controllability.																					
3.	Contract price Rs.600000 which is commenced on 1-1-2012,3/5 work has been done till 31-12-2012. While total cost of work is Rs.270000. cash received Rs.240000 which is 75% of work certified. Find out cost of uncertified work.																					
4.	What are advantages of job costing?																					
5.	Define work certified and work uncertified.																					
6.	What is the meaning of operation costing?																					
Q-2 Answer the following. (Any Two)		[20]																				
1.	<p>Rehana Transport Co. supplies the following information in respect of truck of 5 ton capacity:</p> <table><tr><td>Cost of truck</td><td>Rs. 32,00,000</td></tr><tr><td>Estimated life</td><td>12 years</td></tr><tr><td>Scrap value</td><td>8%</td></tr><tr><td>Diesel, oil etc.</td><td>Rs. 1000 per trip each way</td></tr><tr><td>Repairs & maintenance</td><td>Rs. 10000 per month</td></tr><tr><td>Driver's salary</td><td>Rs. 15000 per month</td></tr><tr><td>Cleaner's salary</td><td>Rs. 10000 per month</td></tr><tr><td>Insurance</td><td>Rs. 90000 per year</td></tr><tr><td>Taxes</td><td>Rs. 48000 per year</td></tr><tr><td>Share of general expenses</td><td>Rs. 36000 per year</td></tr></table> <p>The truck carries from one city to another city covering a distance of 100 km each way. Daily 2 round trips are undertaken and the truck runs 25 days a month. On outward trip freight is available to the extent of full capacity and on return trip 50% capacity. Work out operating cost per ton kilometer.</p>	Cost of truck	Rs. 32,00,000	Estimated life	12 years	Scrap value	8%	Diesel, oil etc.	Rs. 1000 per trip each way	Repairs & maintenance	Rs. 10000 per month	Driver's salary	Rs. 15000 per month	Cleaner's salary	Rs. 10000 per month	Insurance	Rs. 90000 per year	Taxes	Rs. 48000 per year	Share of general expenses	Rs. 36000 per year	
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2.	<p>From the Ticona Ltd. Following particulars had obtained for the year 2015. At that time the production was 10,000 units which is sold in Rs.300 each.</p> <table><tr><td>Particulars</td><td>Rs.</td></tr><tr><td>Raw material consumed</td><td>500000</td></tr><tr><td>Productive wages</td><td>400000</td></tr><tr><td>Factory overheads (70% variable)</td><td>400000</td></tr><tr><td>Office expenses (fixed)</td><td>780000</td></tr><tr><td>Selling expenses (30% fixed)</td><td>200000</td></tr></table> <p>During the year 2016, it is assumed that 12000 units will be produced.</p> <p>1. There is increase in wages by 25%.</p> <p>2. Fixed Factory overheads and fixed selling expenses will be rise by Rs. 24000 and Rs. 73000.</p> <p>3. Office expenses will be rise by Rs. 36000.</p> <p>If company wants to earn 20% profit on cost, then what should be selling price determined by company?</p> <p>Prepare the cost statement in the books of Ticona Ltd. for the year 2015 and also draw the estimated cost statement for the year 2016.</p>	Particulars	Rs.	Raw material consumed	500000	Productive wages	400000	Factory overheads (70% variable)	400000	Office expenses (fixed)	780000	Selling expenses (30% fixed)	200000									
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Raw material consumed	500000																					
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Factory overheads (70% variable)	400000																					
Office expenses (fixed)	780000																					
Selling expenses (30% fixed)	200000																					

3. Construction Ltd is engaged in two contract A & B during the year. The following particulars are obtained at the year ended December 31.

Particulars	Contract A (Rs.)	Contract B (Rs.)
Contract price	600000	500000
Material issued	160000	60000
Material returned	4000	2000
Material on site (Dec 31)	22000	8000
Direct labour	150000	42000
Direct expenses	66000	35000
Establishment exp	25000	7000
Plant installed at cost	80000	70000
Value of plant (Dec 31)	65000	64000
Cost of work not yet certified	23000	10000
Value of work certified	420000	135000
Cash received	378000	125000
Architect's fees	2000	1000

During the period material amounts to Rs. 9000 have been transferred from contract A to B. you are required to show contract a/c A & B and calculation of work –in- progress.

Q-3 Answer the following in detail. (Any Two)

[20]

1. Write the difference between job costing and process costing.
2. A product passes through three different process to completion in march 2015, the cost of production was as follows.

Particular	Process 1	Process 2	Process 3
Other direct material	Rs.2000	Rs.3020	3462
Direct wages	Rs.3500	Rs.4226	5000
Production overhead	Rs.1500	Rs.2000	2500
Normal wastage (of unit introduce)	10%	5%	10%
Safe price of wastage per unit	Rs 3	Rs 5	Rs 6
Actual production in unit	920	870	800

1000 units of material were introduced in process 1 at Rs 5 each prepare process account, abnormal loss account, & abnormal gain account.

3. You are supplied with following information and required to work out the production hour rate of recovery of overhead of dept A, B, C by simultaneous equation and repeated distribution method.

particulars	Production dept.			Service dept	
	A	B	C	P	Q
Rent	2400	4800	2000	2000	800
Electricity	800	2000	500	400	300
Indirect labour	1200	2000	1000	800	1000
Depreciation on machinery	2500	1600	200	500	200
sundries	910	2143	847	300	200
Estimated working hours	1000	2500	1400	-	-

Expenses of service department are apportioned as under:

	A	B	C	P	Q
P	30%	40%	20%	-	10%
Q	10%	20%	50%	20%	-

