

11. ABC stands for _____.
- a) All Business Costing b) Account Based Costing
c) Asset Based Costing d) Activity Based Costing
12. Benchmarking helps in identifying _____.
- a) Market Price b) Best Practices
c) Total Assets d) Historical Costs

Q.1.b) State whether the following statements are True or False: (Any 10)

(10)

1. Work Certified is valued at cost price. **T**
2. If a contract is less than 25% complete, no profit is transferred to the Profit and Loss Account. **F**
3. The scrap value of Normal Loss is credited to the Process Account. **T**
4. Each process is treated as a separate cost centre in Process Costing. **F**
5. General Ledger Adjustment Account is also known as Stores Ledger Control Account. **F**
6. Finished Goods Control Account is debited when goods are sold. **T**
7. A Variance is the difference between Standard Cost and Actual Cost. **T**
8. Standard costing helps in fixing the selling price of a product. **T**
9. An increase in fixed costs will increase the Break-Even Point. **T**
10. Margin of Safety can be calculated as Actual Sales minus Break-Even Sales. **T**
11. A Cost Driver is a factor that causes a change in the cost of an activity. **F**
12. Life Cycle Costing is not useful for products with long-term development cycles. **F**

Q2. A)

Narayan Construction Company has undertaken three contracts during the year and following particulars are available as on 31-3-2025.

(20 Marks)

Particulars	Contract N (Rs.)	Contract M (Rs.)	Contract R (Rs.)
Contract price	1,00,00,000	2,50,00,000	75,00,000
Material issued to contract	16,52,000	22,45,000	18,96,000
Labour	10,30,000	12,50,000	13,50,000
Sub-Contract charges	9,00,000	8,00,000	4,50,000
Architect's fees	3% of work certified	3% of work certified	3% of work certified
Insurance charges	30,000	70,000	74,000
Work certified	40,00,000	50,00,000	50,00,000
Work uncertified	3,50,000	4,00,000	2,50,000
Amount received from Contractee	75% of work certified	80% of work certified	70% of work certified
Closing stock of materials	1,20,000	2,00,000	3,00,000

All contracts were commenced during the current year. Total depreciation on plants amounted to Rs. 2,80,000 and allocates the same to all contracts in the ratio of work certified. Prepare Contract Accounts, show the calculations of profits transferred to Profit & Loss Account. Calculation should be made to the nearest rupee.

OR

Q2. B)

(20 Marks)

The following information relates to a building contract undertaken by M/s. Samay Ltd for Rs.20,00,000 and for which 80% of the value of work certified by the architect is being paid by the contractee.

Particulars	I Year	II Year	III Year
Material issued	1,40,000	1,80,000	1,40,000
Direct Wages	1,80,000	2,00,000	2,10,000
Direct Expenses	8,000	30,000	12,000
Indirect Expenses	4,000	2,600	1,000
Work Certified	4,70,000	15,00,000	20,00,000
Uncertified Work	5,000	12,000	----
Plant issued	1,50,000	----	----
Material on Site	5,000	10,000	8,000

The value of Plant at the end of I, II, III year was Rs.1,35,000; Rs.1,21,500 and Rs.1,09,350 respectively. Prepare Contract A/c for these three years.

Q3. A)

(20 Marks)

Veer Ltd. follows non-integrated system of accounting. Following is the Trial Balance as on 01-03-2025:

Particulars	Dr. Rs.	Cr. Rs.
Stores Ledger Control A/c	10,00,000	-
Work-in-Progress Control A/c	8,00,000	-
Finished Goods Control A/c	14,00,000	-
Cost Ledger Control A/c	-	32,00,000
Total	32,00,000	32,00,000

Following were the transaction during the month of March:

Particular	Rs.
Material Purchase	30,00,000
Material issued to Production	12,00,000
Material issued to Factory	1,60,000
Material issued to Office	40,000
Total Wages paid	12,00,000
Direct Wages charges to Production	10,00,000
Indirect Wages charges to production	2,00,000
Office Overheads paid	1,20,000
Office Overheads applied to Finished Goods	1,50,000
Selling and Distribution Overheads incurred	1,20,000
Selling and Distribution Overheads applied to Cost of Sales	1,24,000
Factory Overheads charged to Production	3,50,000
Finished Goods Produced	32,00,000
Cost of Finished Goods sold	40,00,000
Sales	55,00,000

Prepare the following accounts for the Month:

- | | |
|---------------------------------------|---|
| (a) Stores Ledger Control A/c | (f) Office Overhead Control A/c |
| (b) Work-in-Progress Control A/c | (g) Selling and Distribution Overhead Control A/c |
| (c) Finished Goods Ledger Control A/c | (h) Profit and Loss A/c |
| (d) Cost Ledger Control A/c | |
| (e) Factory Overhead Control A/c | |

OR

Q3. B)

(20 Marks)

Reliance Industries Ltd. Is manufacturing a product which passes through three consecutive processes i.e. Process A, Process B, and Process C. The following figures have been taken from their books for the year ended 31st March, 2026.

Particulars	Process A	Process B	Process C
No. Of units produced <i>introduced</i>	5,000	-	-
Rate per unit of units introduced (Rs.)	400	-	-
Output during the year (units)	4,250	3,750	3,250
Normal loss (% on units introduced in each process)	10%	20%	15%
Scrap value per unit (Rs.)	100	150	200
Process Stock			
Opening (units)	750	1,000	750
Closing (units)	500	750	500
Value of Opening stock per unit (Rs.)	550	850	1200
Process Materials (Rs.)	3,00,000	3,14,000	3,82,000
Wages (Rs.)	2,05,000	3,00,000	2,00,000
Manufacturing Overheads (Rs.)	2,00,000	1,00,000	2,00,000

Closing stock is to be valued at respective cost of each process. You are required to prepare:

a) Process Accounts

b) Process Stock Accounts

Q4. B)

(10 Marks)

The following data have been extracted from the books of Manit Limited:

Year	Sales (Rupees)	Profit (Rupees)
2024	500000	50000
2025	750000	100000

You are required to calculate the following:

1. P/V Ratio
2. Fixed Cost
3. Break Even Sales
4. Profit on Sales of Rs 400000

Q4. B)

(10 marks)

The following data is available for the company dealing in 2 products X and Y. Calculate Material Cost Variance, Material Price Variance and Material Usage Variance.

Particulars	Product X	Product Y
Standard Material	1000 Kg.	1500 Kg
Standard Price	Rs.1.5 per Kg	Rs.2.00 per Kg
Actual Material required	800 Kg	1200 Kg
Actual Price	Rs.1.60 per Kg	Rs.2.20 per Kg.

OR

Q4.C)

(10 marks)

From the following information, calculate all Labour cost variance, Labour rate variance, and labour efficiency variance.

Standard time required for 200 units	100 hours
Standard rate per hour	Rs.2.0
Actual Production	20000 units
Actual hours worked	11,000
Actual rate per hour	Rs.1.90

Q4.D)

(10 marks)

The following information is obtained from a company for January 2026:

Sales	Rs. 20000
Variable Costs	Rs. 10000
Fixed Costs	Rs. 6000

You are required to calculate the following:

1. P/V Ratio
2. Break Even Point
3. Margin of Safety
4. Profit on Sales of Rs.50,000

Q5.A. Answer the following:

(10 marks each)

- a) What are the characteristics of Product Life Cycle?
- b) Define the term Break-Even point and state its features?

OR

Q5.B. Write short notes on any four of the following:

(20)

- a) Benefits of Benchmarking.
- b) Elements of ABC Costing.
- c) Cost Ledger Control Account.
- d) Work Certified
- e) Advantages of Process Costing.
- f) Labour Cost Variance.