

Following Paper ID and Roll No. to be filled in your Answer Book.

**PAPER ID : 9321**

Roll  
No.

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## **Int LLB Examination 2015 - 2016**

**(Fourth Semester)**

### **COSTING AND AUDITING**

*Time : 3 Hours]*

*[Maximum Marks : 100*

**Note :-** Attempt all questions.

1. Attempt any four parts of the following :  $4 \times 5 = 20$ 
  - (a) Define cost accounting and discuss its objectives in brief.
  - (b) How is cost accounting different from financial accounting?
  - (c) What do you understand by methods of costing?  
How is process costing different from unit costing?
  - (d) Discuss the various monetary and non monetary cost incurred on labour.

*[ P. T. O.*

- (e) Explain labour turnover. What are the effects of labour turnover on cost?
- (f) What is idle time in case of labour? Explain the treatment of idle time in our costing records.
2. Attempt any four parts of the following :  $4 \times 5 = 20$
- (a) What do you understand by overhead expenses? Give its elements wise classification.
- (b) Briefly discuss the various methods of absorption of overheads.
- (c) What do you understand by Machine Hour Rate? Give its advantages and disadvantages.
- (d) Compute Machine Hour Rate for machine No. 100 from the following data :

Cost of machine	Rs. 11,000
Scrap value	Rs. 1,000
Effective life	10,000 hours
Repairs and maintenance for whole life	Rs. 2,500

Standing charges for shop (for a month of 25 working days)	Rs. 400
Number of machines in the shop	10
Working hours per day	8 hours
Power used per machine per month	Rs. 75
Machine insurance 5% of depreciation	

(e) The following data of a factory for 2010 are given :

Material used	Rs. 75,000
Direct wages	Rs. 50,000
Variable production expenses	Rs. 1,00,000
Variable selling expenses	Rs. 2,00,000
Fixed expenses	Rs. 75,000
Total output	50,000 units
Sales	Rs. 6,00,000

It is anticipated that in 2011 :

(i) Factory will produce 1,00,000 units.

*[ P. T. O. ]*

- (ii) Cost of material will increase by  $33\frac{1}{3}\%$ .
- (iii) Rates of variable selling expenses will go up by 25% due to increase in rate of commission to salesman.

If the same rate of profit on sale is to be maintained at what it was in 2010, what should be the selling price per unit in 2011?

3. Attempt any two parts of the following :  $2 \times 10 = 20$
- (a) Explain contract costing. How is profit determined on uncompleted contracts?
  - (b) The Imperial Manufacturing Company's product passes through two distinct process A and B and then to finished stock. It is known from past that wastage occurring in the process is as under. In process A 5% of the units entering process. In process B 10% of the units entering process. The scrap value of the wastage in process A is Rs. 8 per 100 units and in process B is Rs. 10 per 100 units.

The process figures are	Process	
	A	B
Material consumed	Rs. 3000	Rs. 1500
Wages	Rs. 3500	Rs. 2000
Manufacturing expenses	Rs. 1000	Rs. 1000

5000 units were brought into process A costing Rs. 2,500.

The outputs were

Process A 4700 units

Process B 4150 units

Prepare process cost account showing the cost of the output. Also show abnormal wastage account.

- (c) Following expenses were incurred by a contractor on a contract which started on 1st January, 2010 :

Material Rs. 40,000

Wages Rs. 50,000

Other expenses Rs. 15,000

*[P. T. O.]*

Plant at cost	Rs. 50,000
Work certified	Rs. 1,20,000
Work uncertified	Rs. 60,000
Plant at close	Rs. 43,000
Cash received from contractor	Rs. 1,00,000
Material returned to stores	Rs. 2,000

Prepare contract account and works in progress account. Assume contract price as Rs. 6,50,000.

4. Attempt any two parts of the following :  $2 \times 10 = 20$
- (a) Give the main classes of errors and frauds found in auditing a firms accounts.
  - (b) Discuss the various types of statutory audit.
  - (c) Explain vouching process of purchase book.
5. Attempt any four parts of the following :  $4 \times 5 = 20$
- (a) What is the object of verification of assets? How far is the auditor responsible as regards their valuation?
  - (b) What do you mean by verification? Distinguish it from vouching.

- (c) How would you verify the following :
- (a) Work in progress
  - (b) Land and building
- (d) Discuss the process of appointment of company's auditor.
- (e) Discuss the circumstances in which an auditor of a company may be removed.

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