

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
SY B.Com, Semester-III, Semester End Examination, October 2019
Fundamentals of Cost Accounting (CC 10)

Duration: 2hrs**Max Marks: 80****Instructions:**

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.
- 3) Q.1 is compulsory.
- 4) Answer any three from Q.2 to Q.6.

Q1) From the following informations of Rani. Ltd., for the year 2018, prepare cost sheet showing
 (a) Prime Cost (b) Work Cost (c) Cost of Production (d) Cost of goods sold and (e) Profit.
(1 X 20 = 20 Marks)

Particulars	Amount(Rs.)
Stock of raw materials (1.1.2018)	50,000
Purchase of raw materials	1,70,000
Stock of raw materials (31.12.2018)	80,000
Carriage Inward	10,000
Direct wages	1,50,000
Indirect wages	20,000
Other Direct Charges	30,000
Office rent and rates	1,000
Factory rent and rates	10,000
Indirect consumption of materials	1,000
Depreciation on plant	3,000
Depreciation on office furniture	200
Salesmen salary	4,000
Salary to office supervisor	5,000
Other factory expenses	11,400
Other office expenses	1,800
General Manager's remunerations:	
(a) Office	4,000
(b) Factory	8,000
(c) Selling Department	12,000
Other selling expenses	2,000
Traveling expenses of salesmen	2,200
Carriage & Freight outward	2,000
Sales	5,00,000
Advertisement	4,000

Q2 Prepare Process Accounts from the following information:

(1 X 20 = 20 Marks)

Particulars	Process 1 (Rs.)	Process 2 (Rs.)	Process 3 (Rs.)
Materials	16,400	7920	11,616
Direct wages	8000	12,000	16,000
Production overheads	8000	12,000	8,000

2000 units at Rs. 12,000 were introduced in the process 1.

Particulars	Actual Output	Normal loss	Value of scrap per unit (Rs.)
Process 1	1900	5%	7
Process 2	1680	10%	11
Process 3	1500	15%	20

Q3) RK contractors have two projects going on. The following are the details of the two projects for the year ending 31st March 2018:

(1 X 20 = 20 Marks)

Particulars	Contract P(Rs.)	Contract K(Rs.)
Plant purchased	30,000	25,000
Establishment charges	8000	7000
Material purchased	1,70,000	1,50,000
Labour payments for working at site	1,40,000	1,35,000
Direct expenditure	6000	4500
Salary outstanding on 31 st March 2018	5000	4000
Value of Plant as on 31 st March 2018	21000	18,000
Expenses outstanding as on 31 st March 2018	500	400
Material in hand on 31 st March 2018	3000	3500
Work uncertified	9000	6000
Materials returned to stores	1200	1300
Work certified	400,000	2,70,000
Contract Price	500,000	400,000

Cash received during the year from Contract P is Rs. 3,60,000 and Contract K is Rs. 400,000
Prepare contract P Account and Contract K Account.

Q4 (A) M/s Kissan manufactures a product which goes through two processes X and Y. The finished product of process X becomes the raw material of process Y which delivers the end product. The By-Product of process X and Y are sold direct from the factory.

(1 X 16 = 16 Marks)

Particulars	X	Y
Materials	2000 units @24 per unit Rs. 48,000	Rs. 1400
Labour Cost	Rs.20,000	Rs.40,000
Overheads(Percentage of Labour Cost)	80%	70%
Wastage (Wastage has no sale value)	4 units	6 units
Sale proceeds of By- Products	16 units @60 per unit	10 units @48 per unit

Prepare Process Accounts and By –Product Recoveries Account, Assuming that the by-products are valued at estimated market price of Rs. 50 per unit for process X and Rs. 40 per unit for process Y at the point of above separation.

(B) Explain the Functions of Cost Accounting.

(1 X 4 = 4 Marks)

Q5 (A) The following is the cost sheet for the year ending 31st March, 2018, taken from a company manufacturing ceiling fans.

(1 X 16 = 16 Marks)

Cost Sheet for the year ended 31st March 2018 (1000 ceiling fans)

Particulars	Amount(Rs.)
Material Consumed	400,000
Direct Wages	300,000
Direct Expenses	100,000
Prime Cost	800,000
Add:- Factory Overheads	
Indirect Wages	15,000
Spare Consumed	10,000
Workman's welfare expenses	20,000
Defective works rectified	16,000
Depreciation on machinery	18,000
Other Factory Expenses	12,000
Less:-Sale of factory scrap	(11,000)
	80,000
Factory Cost/ Work Cost	880,000
Add:-Administration and Office Overheads	
Staff salaries	110,000
Audit fees	7,500
	117,500
Cost of Production	997,500
Add:-Selling and Distribution Overheads	

Commission to selling agent	110,000
Sign board expenses	8,275
Showroom expenses	30,000
	148,275
Cost of Sales	1,145,775
Profit	354,225
Sales	1,500,000

1000 units had been produced and sold for the year ending 31st March, 2018.

For the year ending 31st March, 2019, the following estimates have been made.

- Production and sales will be 2000 units.
- Material cost per unit will rise by 40%
- Direct Wages per unit will rise by 20%
- Direct expenses will be in same proportion to wages.
- Factory expenses will be in same proportion to prime cost.
- Administration overheads in the same proportion to factory cost.
- Selling overheads in the same proportion to cost of production.
- Profit desired is 1/3rd on cost price.

Prepare a Estimated Cost for the year ending 31st March, 2019.

(b) Distinguish between financial and cost accounting.

(1 x 4 = 4 Marks)

Q6 (A) The following are the ledger balances of Rock Construction engaged on the execution of ABC Villa for the year ending 31st March, 2018.

(1 X 16 = 16 Marks)

Particulars	Amount(Rs.)
Direct Wages	1,25,000
Rates and Taxes	7,500
Direct Expenses	2,500
General overheads allocated	6,000
Fuel and power expenses	62,500
Materials issued to contract	7,00,000
Plant and Machinery issued to contract	7,50,000
Plant and machinery at site (as on 31 st March, 2018)	6,50,000

The contract price was Rs. 30,00,000. Cash received on account of contract up to 31st March 2018 was Rs. 9,00,000 (being 90% of the work certified). Work completed but not certified was Rs. 50,000. As on 31st March, 2018 materials at site was Rs. 15,000. Machinery at site costing Rs. 1,00,000 was returned to stores and wages outstanding were Rs. 2,500 at end of the year. Plant and machinery is to be depreciated at 5%.

Prepare the Contract Account and show relevant items in the Balance sheet for the year ended 31st March, 2018.

(B) Explain different classification of Cost

(1 x 4 = 4 Marks)