

COST ACCOUNTING

Duration: 3 Hours

Max.Marks: 60

Instructions:

- Figures to the right indicate maximum marks
- Question One is compulsory
- Answer ANY 4 questions from Question Two to Question Six
- Start each new question on a fresh page

Q.1.) Write a short note on ANY 4 from the following:

(4X3=12)

- a) Classification of cost
- b) Inventory Valuation
- c) Process Costing
- d) Contract Costing
- e) Cost Accounting

Q.2.) Prepare Cost Sheet considering following information:

(12)

The accounts of Hindustan Aeronautics Ltd as on 31st December 2016 shows the following:

Particulars	Rs.	Particulars	Rs.
Opening Stock of Raw Material	2,50,000	Depreciation on Office Furniture	1,000
Purchase of Raw Material	8,50,000	Salary to Office Staff	20,500
Closing Stock of Material	4,00,000	Salary to Salesman	20,000
Carriage Inward	50,000	Other Factory Expenses	50,700
Wages-Direct	7,50,000	Legal Expenses	9000
Wages-Indirect	1,00,000	Manager's Remuneration	1,20,000
Other Direct Charges	1,50,000	Bad Debt Written Off	10,000
Fuel and Oil	50,000	Promotional Expenses	20,000
Consumption of Material	5000	Packing Charges	10,100
Rent and Rates of Factory	10,500	Carriage Outward	10,000
		Sales	25,00,000
		Advance Income Tax paid	150,000

The manager has the overall charge of the company and his remuneration is to be allocated at Rs.40,000 to factory, Rs.20,000 to the office and Rs.60,000 to the selling operations.

Prepare statement giving the following information:

- Prime cost
- Factory cost
- Cost of production
- Cost of Sales
- Net profit

Q.3.) The following is the history of the receipt and issues of material in a factory during January 2017: (12)

Date	Particulars
1 st January 2017	Opening Balance 200 kg @ Rs.460 per kg
2 nd January 2017	Issued 140 kg to production
5 th January 2017	Received from vendor 350 kg @ Rs.450 per kg
7 th January 2017	Issued 80 kg to production
9 th January 2017	Issued 210 kg to production
10 th January 2017	Purchased 200 kg @ Rs.480 per kg
12 th January 2017	Issued 120 kg to production
15 th January 2017	Purchased 180 kg @ Rs.470 per kg
18 th January 2017	Issued 280 kg
21 st January 2017	Purchased 100 kg @ Rs.470 per kg
29 th January 2017	50 kg were returned to the store, these were issued on 7 th January 2017
31 st January 2017	Shortage found in the store 43 kg due to wrong weighing during the month.

Prepare Store Ledgers under FIFO Method.

Q.4.) Prepare the three Process Accounts assuming no opening and closing stocks, Abnormal wastage and Abnormal gain account from the following: (12)

The product of a company passes through three distinct processes to completion. They are known as A, B and C. It is ascertained that wastage is incurred in each process as under:

Process A: 3%, Process B: 5%, Process C:8%,

In each case the percentage of wastage is computed on the number of units entering the process concerned.

The wastage of each process possesses a scrap value. The wastage of process A was sold at Rs. 0.25 per unit, that of process B is sold at Rs. 0.50 per unit and that of process C at Rs. 1 per units.

The following information is obtained:

Expenditure	Process A	Process B	Process C
Material Consumed	Rs. 1,000	Rs. 1,500	Rs. 500
Direct Labour	5,000	8,000	6,500
Manufacturing Expenses	1,050	1,188	2,009
Actual Output	9,500 units	9,100 units	8,100 units

10,000 units have been issued to process A at a cost of Rs. 10,000. The output of each process has been as under:

Q.5.) Noble Construction Company has undertaken two contracts House A and House B. (12)
The following particulars are obtained at the yearend 31st December 2016:

Particulars	House A Rs.	House B Rs.
Contraction expenses	14,800	
Contract Price	60,000	40,000
Material issued	23,000	16,600
Wages	20,000	14,000
Electricity fittings	1,400	300
Road making charges	8,000	
Plant installed at site	12,000	6,000
Period of plant remained on site during the year	10 months	8 months
Value of material on 31st December 2016	400	540
Cost of contract not yet certified		2,500
Cash received from contractee on 31st December 2016	60,000	24,000
Percentage of cash received to work certified	100%	66.67%

The total establishment expenses incurred during the year amounted to Rs. 12,240. These are to be charged in proportion to wages. Depreciation of plant is charged at 10% p.a.

You are required to prepare Contract Accounts showing profit or loss on each house for the year ending 31st December 2016 and the sum which will be transferred to P& L Account.

- Q.6. a)** 'Unit Cost is the cost incurred by a company to produce, store and sell one unit of a particular product'-Comment. (06)
- b)** Explain the meaning of Job Costing Order with help of an example. (06)
