

**Fundamentals of Cost Accounting**

Duration – 2 hours

Max. marks 80

Instructions – 1. Question number 1 is compulsory

2. Answer any three questions from question no. 2 to 6

Q. 1. N Jal a soft drink manufacturing company submits the following information on March 2018

Particulars	Amount (₹)	Particulars	Amount (₹)
Sales for the year	5,50,000	Direct Labour	1,30,000
<b>Inventories at the beginning of the year</b>		Factory overheads- 60 percent of direct labour	
Finished stock	14,000	<b>Inventories at the end of the year</b>	
Work in progress	8,000	Work in progress	12,000
Purchase of material	2,20,000	Finished goods	16,000
<b>Stock of the material</b>		Administrative expenses 10 percent of Prime cost	
At the beginning of the year	6,000	Selling overheads 10 percent of Sales	
At the end of the year	8,000		

Prepare a statement of cost

(20 marks)

Q. 2. CD Earth undertook a contract for construction of a building complex in Fatorda. The construction work commenced on 1<sup>st</sup> April 2017 and following details are available for the year ended 31<sup>st</sup> March 2018

Particulars	Amount (₹)	Particulars	Amount (₹)
Contract price	35,00,000	Plant Hire charges	1,75,000
Work certified	20,00,000	Wage related cost	50,000
Cash received	15,00,000	Site office cost	67,500
Material issued to site	7,50,000	Head office expenses	37,500
Planning and estimation cost	1,00,000	Direct expenses incurred	90,200
Direct wages Paid	4,00,000	Work not certified	14,900
Material returned from site	25,000	Material at site at the end of the year	20,000

The Contractors own a plat which originally cost rupees 2,00,000 has been continuously in use in this contract throughout the year. The residual value of the plant after 5 years is expected to be rupees 50,000. Provide depreciation under straight line method. As on 31<sup>st</sup> March 2018 the direct wages due and payable amounted to rupees 27,000.

Prepare contract account for the year ended 31<sup>st</sup> March 2018

(20 Marks)

Q. 3 the product of manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process 5 percent of the total weight is lost and 10 percent is scrap which from process A and B realises Rs 15 per Kg and Rs 30 per Kg, respectively

Following are the figures relating to both the processes

Particulars	Process A	Process B
Materials ( kg)	2,000	400
Cost of Material ( Rs per kg)	250	400
Wages ( Rs)	2,50,000	1,20,000
Overheads (Rs)	50,000	40,000
Output ( Kg)	1600	1800

Prepare Process cost Accounts, Normal Loss account, Abnormal Loss Account and Abnormal Gain Account. (20 marks)

Q. 4. From costing records of Kakodkar printing press following particulars have been extracted for the year 2017

Particulars	Amount (₹)
Cost of Material	3,00,000
Wages	2,50,000
Factory Overheads	1,50,000
Administrative overheads	1,68,000
Selling overheads	1,82,000
Profit	2,10,000

A work order has to be executed in 2018 and the estimated expenses are Material rupees 16,000, wages rupees 10,000. Factory overheads are charged based on wages, administrative overheads based on works cost and selling overheads are charged on cost of production.

Assuming that in 2018, the rate of factory overheads has gone up by 20 percent , administration overheads has gone up by 15 percent and selling overheads have gone down by 10 percent , at what price should the product be sold so as to earn same rate of profit on the selling price as in 2017. (20 marks)

Q 5 ) Hindustan Construction Ltd is engaged on two contracts A and B during the financial year 2017-18. Following particulars are obtained at the end of year March 2018

Particulars	Contract A ( Amount ₹)	Contract B ( Amount ₹)
Contract price	12,00,000	10,00,000
Material issued	3,20,000	1,20,000
Material returned	8,000	4,000
Material at site on 31 <sup>st</sup> March	44,000	16,000
Direct Labour	3,00,000	84,000
Site expenses	1,32,000	70,000
Establishment expenses	50,000	14,000
Plant installed at site	1,60,000	1,40,000
Depreciation on Plant	30,000	12,000
Cost of contract not yet certified	46,000	20,000
Work certified	8,40,000	2,70,000
Cash received from Contractees	7,56,000	2,50,000
Architects fees	4,000	2,000

During the period material amounting ₹ 18,000 have been transferred from contract A to contract B. You are required to show Contract Account and contractee Account for the year 13th March 2018 (20 marks)

Q 6. Write short notes on any four (4X5) 20 Marks

1. Normal loss and abnormal Loss
2. Classification of costs
3. Methods of costing
4. By - products
5. Distinguish between Cost Accounting and Financial Accounting