

C.E.S. COLLEGE OF ARTS AND COMMERCE, CUNCOLIM – SALCETE-GOA
S.Y.B.COM- III SEMISTER END EXAMINATION, OCTOBER/NOVEMBER 2018
FUNDAMENTAL OF COST ACCOUNTING- III

DATE: ~~22~~/10/2018
TIME: 10.00 to 12.00 Noon
HOURS

MARKS: 80
DURATION: 02

- INSTRUCTIONS:** 1) Q. No. 1 is **COMPULSORY**.
2) Attempt any **THREE** questions from Q. No.02 to Q. No.6.
3) All questions carry equal marks i.e. 20 marks.
4) Working notes forms the part of answers.
5) Numbers to the right indicate the marks for the respective Question.

Q.No.1. The following trial balance was extracted from the book of Apollo Constructors as on 31st December, 2018:

	Dr. (Amount in Rs.)	Cr. (Amount in Rs.)
Contractees's Account	-----	3,00,000
Buildings	1,00,000	-----
Creditors	-----	62,000
Bank	35,000	-----
Capital account	-----	3,00,000
Materials	1,00,000	-----
Wages	70,000	-----
Expenses	37,000	-----
Plant	2,50,000	-----
W.I.P. (Contract No.837 as on 1/1/2018)	1,00,000	-----
Contract No.837 a/c (1/1/2018) (Unadjusted Profit)	-----	30,000
	6,92,000	6,92,000

The Contract No. 837, which was in progress on 1st January, 2018; was completed on 31st January, 2018.

Rs. 20,000 material and Rs. 10,000 Wages were paid for contract No. 837 site. Material Rs. 6,000 issued to contract No 838, but Rs. 3,000 worth was lost by accident Rs. 60,000 Wages paid for contract No. 838 Rs. 50,000 Plant was used in contract No.838 all through but plant costing Rs. 2,00,000 was used on contract No.838 from 1st April, 2010; prior to that, the above machinery was used in contract No. 837. Rs. 4,000 materials were at site on contract No. 838 at the end of the year. Provide 10% depreciation on Plant and 2% on Building.

Contract No.837 was for Rs.1, 50,000 and certified work up to last year was

Rs. 1, 00,000. The work has been certified up to full extent, but payment has been received up to 80% of the work certified amount. The balance not been paid yet, nor any entry has been passed, on completion of the contract.

Expenses have been charged to contracts on the basis of 50% of direct wages. The new contract is for Rs. 4, 00,000 and 90% is paid on work certification. The uncertified work of the contract as on 31st December, 2018 is estimated at Rs. 15,000.

You are required to prepare: Contract No.837, Contract No.838, Profit &loss a/c, Contractee a/c and Balance Sheet as on 31st December, 2018.

(20 Marks)

Q.NO.2. The following information for the year ending 31st March, 2018 is taken from the book of Sajan Company which manufactures cycle:

Particulars	Amount in Rs.
Direct material consumed	7,50,000
Direct Wages	4,50,000
Direct Expenses	3,00,000
Indirect material consumed	35,000
Depreciation on machinery	26,500
Indirect wages	61,500
Technical Director's fees	17,500
Other Office expenses	2,34,500
Commission to salesmen	1,58,500
Office staff salaries	1,85,000
Audit fees	22,000
Showroom Expenses	1,44,700
Other Administrative Expenses	1,68,000
Carriages Outwards	31,700
Advertisements	1,15,100
Preliminary Expenses	22,500
Provision for taxation	1,50,000
Sales	30,00,000

During the year 31st March, 2018, 1,500 cycles were Production and sold. Following Estimation have been made for the year ended 31st March 2019:

- Production and sale of cycle will be doubled.
- Direct Material cost per unit will be rise by 50 %.
- Direct Wages cost per unit will increased by 25 %.
- Direct Expenses per unit will be in the same proportion to direct wages as in previous year.
- Total factory overhead will be in the same proportion to prime cost, total Administrative overheads in the same proportion to works cost and total selling and distribution overheads in the same proportion to cost of production as in the previous year.
- The management desire to charge profit on sales price in the same proportion as in the previous year.

You are required to prepare cost sheet for the year ended 31st March, 2018 showing total cost and cost per unit and estimated cost sheet for the year ended 31st March, 2019 with projected selling price and profit. (20 Marks)

Q.NO.3. The production of a company passes through three different processes 'A', 'B' and 'C'. It is ascertained from the past experience that loss in each process is incurred as under:

Process 'A': 2%, Process 'B': 5% and Process 'C': 10%.

The percentage of loss in each process is computed on the basis of number of units entering the process concerned. The loss of each process has a scrap value. The loss of process 'A' and 'B' is sold at Rs. 1 per unit and that of process 'C' at Rs.4 per unit. The Company gives you the following information for the month of July, 2016; 2,000 units of crude material were introduced in process 'A' at the cost Rs. 8 per unit. Besides this, the following were other expenses:

	Process 'A' (Rs)	Process 'B' (Rs)	Process 'C' (Rs)
Material consumed	8,000	3,000	2,000
Direct Labour	12,000	8,000	6,000
Works Expenses	2,000	1,000	3,000

	Process 'A' (Units)	Process 'B' (Units)	Process 'C' (Units)
Outputs	1,950	1,925	1,590
Stock: July 1	200	300	500
Stock: July 31	150	300	-----
Stock Valuation on July 1 per unit	19	17	36.5

Stock on 31st July, 2016; are to be valued at cost as shown by month's production account.
Prepare necessary accounts. (20 Marks)

Q.NO.4. From the following information, prepare detail Cost Statement for the year ended 31 March, 2018

Particulars	Amount in Rs.
Opening Stock: Raw Materials	20,000
Finished Goods	30,000
Purchases of Raw Materials	15,00,000
Direct Wages	12,00,000
Power	99,500
Carriage on purchases	20,000
Cost of special Design	50,000
Custom duty and octroi on Raw Materials	60,000
Rents and Rates: Office	50,000
Factory	70,000
Telephone expenses	30,000
Advertisement	75,000
Electricity: Office	15,000
Factory	30,000
Machinery lost in fire	1,00,000
Depreciation: Plant and machinery	80,000
Delivery Van	20,000
Income Tax	1,20,000
Salaries	2,50,000
Donation	70,000
Establishment Expenses	1,00,000
Rent of showroom	65,000
Interest on loan	45,000
Sale of Factory Scrap	7,500
Dividend received	17,500
Directors fees	60,000
Mailing charges of sales literature	10,000
Closing stock: Raw Materials	1,85,000
Finished Goods	30,000

Other Information:

- 60 % of telephone Expenses relate to office and 40 % to Sales Department.
- Salaries to be allocated to factory, office and sales Department in the ratio of 1:2:1.
- Establishment Expenses to be apportioned equally between office and Sales Department.
- Sales are made to earn profit @ 20 % on Selling price.

(20 Marks)

Q.NO.5. The production of the company passes through three different processes A, B and C. It is ascertained from the past experience that loss in each process is incurred as under:

Process A: 2%, Process B: 5% and Process C: 10%.

The percentage of loss in each case is computed on the basis of number of units entering the process concerned. The wastage of each process possesses a scrap value. The wastage of process 'A' and 'B' is sold at Rs. 5 per 100 units sold and that of process 'C' at Rs. 20 per 100 units.

The output of each process passes immediately to the next process and the finish goods are passed from process 'C' in to stock.

The following information is obtained:

Particulars	Process 'A' Rs.	Process 'B' Rs.	Process 'C' Rs.
Material consumed	6,000	4,000	2,000
Direct Labour	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

20,000 units have been issued to process A at a cost of 10,000. The output of each process has been as under: Process A: 19,500, Process B: 18,800, Process C: 16,000. There is no work in process in any process. Prepare necessary accounts.

(20 Marks)

Q.NO.6. Answer the following. (ANY FIVE)

- Distinguish between Financial Accounting and Cost Accounting.
- What is cost? How Would you classify Cost?
- Compare Process Costing with Job Costing.
- Write a short note on Abnormal Gain.
- What is Escalation Claus?
- Write a short note on Retention Money

(4*5=20 Marks)

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