

THE CES COLLEGE OF ARTS & COMMERCE, CUNCOLIM, SALCETE-GOA

SY BCOM SEMESTER END EXAMINATION, OCT/NOV 2019

SUB: FUNDAMENTALS OF COST ACCOUNTING

DATE: 23/10/2019

TIME: 10.00 a.m. To 12.00 noon

DURATION: 2 HOURS

MAXIMUM MARKS: 80

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 information relates to a Contract No.786 of Dilip Constructions Ltd. for Rs. 20,00,000 for two years, i.e., 2018 and 2019:

Particulars	2018 Rs.	2019 Rs.
Materials Issued	6,00,000	1,68,000
Direct Wages	4,60,000	2,10,000
Direct Expenses	44,000	20,000
Indirect Expenses	12,000	2,800
Work Certified	15,00,000	20,00,000
Work Uncertified	16,000	---
Materials At Site	10,000	14,000
Plant Issued	28,000	4,000
Cash Received From Contractee	12,00,000	20,00,000

The value of plant at the end of 2018 and 2019 was Rs. 14,000 and Rs. 10,000 respectively.

Prepare Contract Account for two years 2018 and 2019.

(20 MARKS)

**Q.NO.2** From the following information, Prepare Cost Sheet for the year ended 31.3.2018

Particulars	Amount (Rs.)
<b>Opening Stock :</b>	
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 Purchase of Raw Materials	20,000
Cost of Special Design	50,000
Custom Duty and Octroi on Raw Material	60,000

<b>Rent And Rates:</b>	
Office	50,000
Factory	70,000
Telephone Expenses	30,000
Advertisement	75,000
<b>Electricity:</b>	
Office	15,000
Factory	30,000
Machinery Lost in Fire	1,00,000
<b>Depreciation:</b>	
Plant and Machinery	80,000
Delivery Van	20,000
Income Tax	1,20,000
Salaries	2,50,000
Donations	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 Sale Literature	10,000
Closing Stock – (Raw Materials + Finished Goods) (1,85,000 + 30,000)	2,15,000

**Other Information:**

- 60% of Telephone Expenses relate to Office and 40% to Sales department.
- Salaries to be allocated to the factory, Office and Sales department in the ratio of 1:2:1
- Establishment expenses are to be apportioned equally between office and sales department.
- Sales are made to earn profit @20% on Selling Price. **(20 MARKS)**

**Q.NO.3** The product of a Mahindra Company passes through three distinct processes to completion. They are known as 'X', 'Y' and 'Z'. It is ascertained that Wastage is incurred in each Process in normal circumstances as under:

Process 'X'- 2% ; Process 'Y'- 5% ; Process 'Z'- 10%

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 'X' and 'Y' is sold at 5 Paise per unit and that of Process 'Z' at 20 Paise per Unit.

The Output of each process passes immediately to the next process and finished goods are passed from process 'Z' into Stock.

The following information is obtained:

Initially 20,000 Units were introduced in Process 'X' at Cost of RS.10000.

Particulars	Process 'X'	Process 'Y'	Process 'Z'
Materials Consumed	RS.6000	RS.4000	RS.2000
Direct Labour	RS.8000	RS.6000	RS.3000
Manufacturing Expenses	RS.1000	RS.1000	RS.1500
Output	19,500 Units	18800 Units	16,000 Units

**Prepare Process 'X', Process 'Y' and Process 'Z' Account. (20 Marks)**

**Q.NO.4** The Trading Profit and Loss Account of Sonali Manufacturing company for the year ending 31<sup>st</sup> December, 2017 was as follow:

**Trading Profit and Loss Account**  
**For the year ended 31<sup>st</sup> December, 2017**

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Particulars	Amount	Particulars	Amount
To Raw Materials Purchased	80,000	By Sales (2500 Units)	2,50,000
To Direct Wages	30,000	By Closing Stock of Raw Material	5,000
To Direct Expenses	25,000		
To Factory Expenses	40,000		
To Gross Profit C/D	80,000		
	<b>2,55,000</b>		<b>2,55,000</b>
To Office Salaries	25,000	By Gross Profit C/D	80,000
To Office Rent	12,000	By Dividend Received	10,000
To Selling Expenses	12,500	By Discount Received	7,500
To Preliminary Expenses W/O	2,500		
To Goodwill Written-Off	5,500		
To Net Profit C/D	40,000		
	<b>97,500</b>		<b>97,500</b>

For the year 2018, it is estimated that:

- Units produced and sold will rise by 20%.
- Prices of Raw Material per unit will rise by 10%
- Direct Wages per unit will increase by 25%.
- Direct Expenses will increase by Rs. 5000 in Total.
- Factory Expenses per unit will increase by 25%
- The Office Premises which were on rental basis in 2017 would be purchased by the company, on which depreciation would be Rs. 6000/- in 2018.
- Selling expenses per unit will remain same.

You are required to prepare a statement showing Estimated Cost and Profit for the year ended 31<sup>st</sup> December, 2018 considering that company shall charge a Profit at 20% on sales.

**Q.NO.5** A chemical produced by Baburav Chemical Ltd., passes through three distinct processes. In each process, 2% of the gross weight put in is lost and 10% is scraped, which in case of processes A and B realise @ Rs. 100 per quintal and in case of process C @Rs. 200 per quintal.

The particulars of cost of the three processes are as follows:

Materials	Process A 8,000 quintals @Rs. 500 per quintal	Process B 1,000 quintals @Rs. 200 per quintal	Process A 900 quintals @Rs. 650 per quintal
Labour	50,000	25,000	20,000
Direct expenses	20,500	10,800	17,200
General expenses	7,000	1,500	4,300
Cost of tins	-	10,750	-
Packing of tins	-	-	4,500

Indirect expenses are Rs. 5,000 which is to be apportioned to all three processes in the ratio of combined cost of material and wages. Find out cost of each process in the books of Baburav Chemical Ltd.

**Q.NO.6** Answer the Following **(ANY FIVE)**

- What is Cost? How would you classify Cost?
- Explain the importance of Cost Accounting.
- Distinguish between Cost Accounting and Financial Accounting.
- State the features of Contract Costing
- What is Escalation Clause?
- Write a short note on Abnormal Gain and Abnormal Loss.

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