

SARASWAT VIDYALAYA'S
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES
KHORLIM, MAPUSA-GOA.
B.COM THIRD SEMESTER END EXAMINATION OCTOBER, 2019
w.e.f 2018-19 CBCS

Duration: 2 Hours

CC 10: FUNDAMENTALS OF COST ACCOUNTING

Max Marks: 80

INSTRUCTIONS:

- 1) Question No. 1 is compulsory.
- 2) Attempt Any Three from Question No. 2 to Question No. 6.
- 3) Each question carries 20 marks.
- 4) Prepare working notes required wherever necessary.

Q.1) Following particulars have been extracted for the year ended 31st March 2019 from the books of M/s Ashwin Manufacturing Company Limited.

Particulars	Amount (₹)	Particulars	Amount (₹)
Opening stock of raw materials	2,70,000	Rent, Rates & Taxes	38,000
Carriage inward	48,000	Managers salary	72,000
Direct wages	4,77,600	Fuel	1,20,000
Purchase of raw materials	12,48,000	Advertising	28,000
Factory electricity charges	72,000	Depreciation	48,600
Office staff salaries	60,000	Salesmen salaries	50,000

Additional information:

- a) Closing stock of raw materials is ₹ 3,00,000.
- b) Managers salary is shared between factory and office in the ratio of 2:8.
- c) Rent, Rates & Taxes cost is to be shared in the ratio of 9:10 to factory and office.
- d) Out of the total depreciation above ₹ 45,000 is of depreciation on plant & machinery and balance is of depreciation on office furniture.
- e) Sales made during the year was amounting to ₹ 24,00,000.

Prepare Cost Sheet of the Ashwin Manufacturing Company Limited for the year ended 31st March 2019.

(20)

Q.2) Mr. Tony, a contractor commence his business on 1st January 2018. During the year 2018 he was engaged only on one contract of which the contract price was ₹ 10,00,000.

The trial balance of the contractor as on 31st December 2018 was as follows:

Particulars	Debit (₹)	Credit (₹)
Mr. Tony's capital		2,60,000
Creditors		26,000
Cash received from contractee (80% of work certified)		4,00,000
Bank balance	36,000	
<u>Expenses charged to contract:</u>		
Materials	2,00,000	
Plant	1,50,000	
Wages	2,40,000	
Expenses	60,000	
	6,86,000	6,86,000

Other information:

- Of the plant and materials charged to contract, plant costing ₹ 10,000 and materials costing ₹ 4,000 were destroyed on site on 1st January 2018.
- On 31st December 2018, plant costing ₹ 10,000 was returned to store. Materials costing ₹ 4,000 were on site and cost of work uncertified was ₹ 12,000.
- Plant is to be depreciated at 10% per annum.

Prepare contract account for the year ended 31st December 2018 and Balance sheet of the contractor as on that that. (20)

Q.3) Write short notes on **ANY 4** (20)

- Financial Accounting V/s Cost Accounting
- Objectives of cost accounting
- Classification on the basis of elements of cost
- Work done but not certified
- Classification on the basis of behaviour

Q.4) A product passes through three processes L, M and N. The details of the processes are as follows

Particular	Normal loss	Value of scrap
Process L	3%	₹ 3 per unit
Process M	5%	₹ 2 per unit unit
Process N	8%	₹ 1 per unit

10,000 units were introduced in Process L at a cost of ₹ 10,000. The other expenses are as follows:

Particulars	Process L	Process M	Process N
Direct materials	1,000	1,500	500
Direct labour	5,000	8,000	6,500
Direct expenses	1,050	1,188	2,009

Output of each process is Process L- 9,500 units, Process M- 9,100 units and Process N- 8,100 units.

Prepare process accounts. Compute the values to the nearest rupee. (20)

Q.5) (A) Mr. Harry Builder having undertaken a contract at a price of ₹ 3,00,000 started work on 1st January 2018. From the following information is provided

Particular	Amount (₹)	Particular	Amount (₹)
Material	85,624	Material at site 31 st Dec 2018	1,883
Plant installed at site	15,000	Plant at site 31 st Dec 2018	11,000
Labour	77,015	Cash received (90% of work certified)	1,80,000
Sundry direct expenses	7,293	Work uncertified	4,500
Material returned to store	549		

Prepare Contract account. (10)

(B) What is process costing? Explain features of process costing. (10)

Q.6) Swadeshi Limited produced and sold 15,000 units of Radios during the year ended 31st March 2018. The summarised Trading and Profit & loss is as follows:

Trading and Profit & Loss A/c

Particulars	Amount (₹)	Particulars	Amount (₹)
To Direct Materials	3,75,000	By Sales	15,00,000
To Direct wages	2,25,000		
To Factory overhead	3,00,000		
To Gross profit c/d	6,00,000		
	15,00,000		15,00,000
To Office overhead	2,25,000	By Gross profit b/d	6,00,000
To Selling overhead	2,81,250	By Dividend received	20,000
To Goodwill w/f	37,000		
To Net profit	76,750		
	6,20,000		6,20,000

Following estimates have been made for the year ending 31st March 2019:

- Production and sales would be doubled.
- Direct materials per unit and direct wages per unit will rise by 20% and 40% respectively.
- Factory overhead per unit and selling & distribution per unit will increase by 5% and 20% respectively.
- Total office and administrative overhead would increase by 40%.
- Selling price per unit would rise by 10%.

Prepare cost sheet for the year ended 31st March 2018 and estimated cost sheet for the year ending 31st March 2019. (20)