Prabodhan Education Society's

Vidya Prabodhini College of Commerce, Education, Computer and Management, Parvari Goa.

Semester End Examination, Oct-Nov. 2019

Programme: B.COM

Course Code: CC 10   Course Title: Fundamentals of Cost Accounting   Subject: Commerce

Category: Core Course

Semester: III   Paper No: 1   Time: 2hrs   Max. Marks: 80 Marks

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Instructions:

1. *The question paper contains 06 questions spread across 4 pages*
2. *First Question is compulsory*
3. *Answer any three from Q.2 to Q.6*
4. *Figures to the right in brackets indicate maximum marks*
5. *Working notes should form a part of answer*

Q.1 Prepare the cost sheet from the following information of Royal Enfield Ltd. for the month of January, 2019.

(20)

Particulars	₹
Corporate manager salary	11,10,000
Rent of plant	1,27,500
Office rent	84,700
Purchase of Raw Materials	4,85,230
Carriage Inwards	24,325
Indirect Materials	2,35,600
Office Expenses	41,000
Opening stock of raw materials	78,175
Closing stock of raw materials	76,230
Carriage outward	16,800
Advertisement	1,72,000
Commission on sales	1,15,300
Opening work in progress	94,300
Closing work in progress	96,500
Direct wages – Skilled Labour	3,15,500
– Unskilled Labour	1,24,500
Opening stock of finished goods	6,40,000
Closing stock of finished goods	7,50,000
Other factory over heads	1,20,000
Goodwill written off	25,000
Dividend paid	7,800
Loss on sale of machinery	17,500
Repairs to delivery van	25,000

Other Information:

1. The corporate manager salary needs to be apportioned between office and factory in the ratio of 1:2.
2. Profit is 20% of Cost price

Q. 2. The following information for the year ending 31st March, 2019 is taken from the books of Suzuki Ltd. **(20)**

Particulars	₹
Direct materials consumed	7,50,000
Direct wages	4,50,000
Direct Expenses	3,00,000
Fuel, oil and energy expenses	35,500
Depreciation on machinery	26,500
Factory Wages	17,500
Commission to salesmen	2,34,500
Office Staff Salaries	1,58,500
Audit fees	23,000
Other Administrative expenses	1,68,000
Advertisements	2,90,500
Goodwill written off	22,500
Provision for tax	1,00,000
Sales	30,00,000

During the year ending 31st March, 2019 1,500 motorcycles were manufactured and sold.
Following estimates have been made for the year ended 31st March, 2020

1. Production and sale of motorcycles doubled
2. Direct Materials cost per unit will rise by 50%
3. Direct wages per unit will increase by 25%
4. Total factory overheads will be in the same proportion to Direct Wages as in the previous year.
5. The management desires to charge profit on cost price in the same proportion as in the previous year.

You are required to prepare:
1. Cost sheet for the year ending 31st March, 2019
2. Estimated cost sheet for the year ending 31st March 2020

Q.3 BMW undertook a contract for ₹ 5,00,000. He incurred following expenses during the year, 2018. **(20)**

Particulars	₹
Materials issued from stores	50,000
Materials purchased for the contract	45,000
Plant installed at cost	35,000
Wages paid	1,00,000
Wages accrued	40,000
Direct expenses paid	10,000
Direct expenses accrued	2,500
Establishment expenses	6,500

Additional Information:

Of the plant and material charged to the contract, the plant which cost ₹2,000 and materials costing ₹ 1,500 were lost. Some of the material costing ₹ 2,000 were sold for ₹2,500.

On 31st December, 2018, the plant which cost ₹ 500 was returned to the stores and a part of the plant which cost ₹ 200 was so damaged as to render itself useless.

The work certified was ₹ 2,40,000 and 80% of the same was received in cash. The cost of work done but uncertified was ₹ 1,000. Charge 10% p.a depreciation on plant.

Prepare Contract Account and Extract of Balance Sheet.

Q. 4. Triumph Co. Ltd. manufactures a product that passes through three process viz. U, P and A. The following details are available from the books and records for the year ended 31st March, 2019.

(20)

Particulars	Process U	Process P	Process A
Units Introduced	2,000		
Cost per unit	₹ 12		
Sundry Materials	₹ 10,400	₹ 7,920	₹ 11,428
Direct Labour	₹ 8,000	₹ 12,000	₹ 16,000
Direct Expenses	₹ 6,000	₹ 8,000	₹ 8,000
Production O/ H	₹ 2,000	₹ 4,000	₹ 8,000
Normal loss	5%	10%	15%
Scrap value (per unit)	₹ 10	₹ 14	₹ 20
Actual Output	1,900	1,680	1,470

The output of each process passes directly to the next process and finally to finished stock account. You are required to prepare:

1. Process Accounts
2. Finished stock Account.
3. Abnormal Loss/ Gain Account

Q. 5. A) Soul Tree Inc. produces herbal shampoo, which is made by subjecting certain crude herbs to two successive processes: A and B. During the year, input to Process A of basic raw materials was 8,000 units @ ₹ 9 per unit. The following data is available.

(10)

	Process A	Process B
Output units	7,500	4,800
Normal Loss (% of input)	5%	10%
Scrap per unit	₹2	₹10
Direct wages	₹12,000	₹24,000
Direct Expenses	₹6,000	₹5,000
Selling price per unit	₹15	₹25
Overhead expenses	₹ 5,800	₹ 11,600
Sold units	2,500	

Prepare process account for the year ended 31st March, 2019.

B) Following was the expenditure incurred by Norton Ltd. for undertaking a contract of ₹12,00,000 which was started in the month of January, 2018 **(10)**

Materials - ₹ 2,40,000

Wages - ₹ 3,28,000

Plants - ₹ 40,000

Overheads - ₹ 17,200

Cash received on account of the contract upto 31st December, was ₹ 4,80,000 being 80% of work certified.

The value of material in hand was ₹ 20,000

Plant had undergone 20% depreciation.

Prepare contract account and extract of balance sheet as on 31st December, 2018.

Q. 6. Answer <u>*Any Four*</u> of the following **(4X5 Marks=20)**

a. Cost Object

b. Distinguish between Cost Accounting and Financial Accounting

c. Explain any four types of costs

d. Abnormal loss/ gain

e. Compare scrap, waste, defectives, and spoilage

f. Functions of Cost Accounting