

Goa Vidyaprasarak Mandal's

GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS

PONDA - GOA

B.COM. CBCS (SEMESTER III) EXAMINATION - JANUARY, 2021

FUNDAMENTALS OF COST ACCOUNTING

Duration: 2 Hours

Marks: 40

Instructions:

1. Answer any **four** questions from **Q. No. 1 to Q. No. 6**.
2. Figures to the right indicate the marks allotted to the questions.
3. Give **working notes** wherever necessary.

Q. 1.

(10)

The following is the Trial Balance of Swastik Constructions as on 31st December 2020

Particulars	₹	₹
Capital Balance		10,00,000
Plant & machinery	5,00,000	
Contractee's account (Amount received)		6,00,000
Buildings	3,20,000	
Creditors		1,00,000
Bank Balance	70,000	
<u>Contract Expenses</u>		
Materials	3,60,000	
Wages	3,60,000	
Expenses	90,000	
	17,00,000	17,00,000

Additional information:

1. The work on Contract No. 2020 commenced on 1st January 2020.
2. Materials of ₹ 7,500 were destroyed in an accident at the site.
3. Plant & machinery of ₹ 5,00,000 was used from 1st January to 30th September 2020 and thereafter returned to the stores.
4. Materials on site on 31st December 2020 were valued at ₹ 10,000.
5. The contract was for ₹ 12,00,000. Work certified was 80% of the contract price and the uncertified work was estimated at ₹ 20,000 as on 31st December 2020.
6. Plant & machinery is to be depreciated at 10% p. a.

Prepare:

1. Contract Account for the year ended 31st December 2020.
2. Balance Sheet as on 31st December 2020.

Q. 2.**(10)**

The following information is available from the books of CMM Enterprise for the month of December 2020.

Cost of materials	₹12,00,000
Factory overheads.....	₹ 6,00,000
Selling & distribution overheads.....	₹ 5,60,000
Direct wages.....	₹ 10,00,000
Administrative overheads.....	₹ 8,40,000
Profit	₹ 8,40,000

The enterprise has received a work order to be executed in the month of February 2021. It is estimated that the order will require materials of ₹1,60,000 and wages of ₹ 1,00,000. It is estimated that in February 2021 the rate of factory overheads will increase by 20%, the rate of administrative overheads will remain the same and the rate of selling & distribution overheads will increase by 10%. Factory overheads are based on direct wages whereas all other overheads are based on factory cost.

Calculate the price at which the order should be accepted so as to earn the same rate of profit on cost as in December 2020.

Q. 3.**(10)**

A product of a manufacturing concern passes through three processes - A, B and C. The output of each process passes directly to the next process and finally to finished stock. The details of the three processes for the month ended 31st December 2020 were as under:

Particulars	Process A	Process B	Process C
Units introduced	1,000 units	-	-
Cost per unit	₹100	-	-
Sundry materials	₹ 20,000	₹ 15,000	₹ 5,000
Direct labour	₹ 26,000	₹ 80,000	₹ 60,000
Other expenses	₹ 6,500	₹ 11,400	₹ 10,600
Normal loss	5%	10%	20%
Sale value of scrap	₹ 10	₹ 20	₹ 30
Actual output in units	950	840	680

Prepare Process A, Process B and Process C Accounts

Q. 4 (a). (5)

A factory produces a standard product. The following information is available for the month of December 2020. Prepare a cost sheet showing total cost for the month of December 2020.

Direct material.....	₹ 9,00,000
Direct wages.....	₹ 2,00,000
Direct expenses.....	₹ 1,00,000
Factory overheads.....	₹ 2,00,000
Office overheads.....	₹ 1,40,000
Selling & distribution overheads.....	₹ 20 per unit sold
Opening stock of finished goods.....	₹ 1,60,000 (1000 units)
Closing stock of finished goods.....	2000 units
Units produced during the month.....	10000 units
Selling price per unit.....	₹ 250 per unit

Q. 4. (b) (5)

M/s R Developers undertook a contract for construction of a bus shelter for a value of ₹ 15,00,000. Following information available for the year ending 31st December 2020. You are required to prepare contract account for the year ending 31st December 2020.

Particulars	Amount	Particulars	Amount
Cost of materials	3,00,000	Material at site on 31 st December 2020	20,000
Labour	1,00,000	Plant at site on 31 st December 2020	80,000
Overheads	60,000	Work certified	7,00,000
Plant purchased	1,00,000	Work uncertified	50,000
Materials lost	10,000	Cash received	5,60,000
Office expenses	70000	Materials sold at cost	10000

Q. 5. (a) (5)

B Ltd. manufactures and sells chemical produced by two processes. The details of which are as under:

Particulars	Process I	Process II
Raw materials in tons	1400	160
Rate per ton	₹ 10	₹ 20
Wages & other expenses	₹ 17,920	₹ 12,400
Transferred to next process	66 ² / ₃ %	-
Transferred to warehouse	33 ¹ / ₃ %	100%

In each process 4% of the weight is lost and 6% is scrap which from Process I realises ₹ 5 per ton and from Process II ₹ 10 per ton.

Prepare Process I and Process II Account

- Q. 5. (b) Explain accounting treatment of scrap. (2)
- Q. 5. (c) Differentiate between cost accounting and financial accounting (any three points). (3)

Q6. Answer the following (any four) (10)

1. Write a short note on cost unit.
2. Write a short note on prime cost.
3. Write a short note on cost centre.
4. Write a short note on work certified.
5. Explain accounting treatment of defectives.
6. Explain classification of cost on the basis of behaviour.
