

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA- GOA
B.COM. CBCS (SEMESTER-III) EXAMINATION, OCTOBER 2019
FUNDAMENTALS OF COST ACCOUNTING**

Duration: 2 Hours

Marks: 80

Instructions:

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

Q.1.

(20)

M/s Rajeev Constructions commenced operations on 1st April 2018 and during the year engaged in a contract for construction of a badminton court with shed, the contract price of which is ` 8,00,000.

The trial balance extracted from their books as on 31st March 2019 was as follows:

Particulars	Debit	credit
Capital of the firm		7,20,000
Creditors		96,000
Land and building (cost)	4,68,000	
Cash at bank	18,000	
Cash received (being 80% of work certified)		3,20,000
<u>Charged to the contract :</u>		
Materials	1,60,000	
Plant installed	2,30,000	
Wages	2,10,000	
Expenses	50,000	
	11,36,000	11,36,000

Of the plant and materials charged to the contract, plant costing `6,000 and materials costing ` 4,800 were destroyed in an accident. On 31st March 2019, plant which cost ` 8,000 was returned to the stores, the value of materials on site was ` 6,000 and the cost of work uncertified was `64,000. Charge depreciation on Plant @ 10% p.a.

Prepare the contract account for the year ended 31st March 2019 and the balance sheet as on that date.

Q. 2.

(20)

The following figures have been obtained from the records of a company for the year ended 31st March 2019:

Direct materials and wages	2,20,000
Works overheads	60,000
Administration overheads	67,200
Selling and Distribution overheads	72,800
Profit	1,05,000

A work order has been obtained and the following expenses shall be incurred :

Direct materials and wages – ` 3,000 .

Assuming that the rate of works overheads has gone up by 20% and Selling and distribution overheads gone up by 10%, find out the price of the work order, if the same rate of profit on selling price is desired.

Q. 3. (20)

A product is produced in three consecutive processes – process I, II and III. 5000 units of raw material at the rate of ₹ 2 per unit were issued to process I at the beginning of the year.

Particulars	Process I	Process II	Process III
Output (units)	4,700	4,300	4,050
Normal loss (% of input)	5%	10%	5%
Scrap value per unit (₹)	1	5	6
Direct wages	3,000	5,000	8,000
Direct expenses	9,750	9,910	15,560

The overheads were ₹ 32,000 and they are chargeable to the three processes on the basis of direct wages.

Prepare the three Process Accounts, Normal Loss Account, Abnormal Loss Account and Abnormal Gain Account.

Q.4. (2 x 10 = 20)

A. Below are the details of a contract for the year ended 31st March 2019.

Contract price	12,00,000
Materials issued to site	4,00,000
Direct wages paid	1,15,000
Plant issued to site	2,25,000
Depreciation on plant for the year	45,000
Work certified	?
Notional profit for the year, transferred to Profit & loss a/c	2,08,000
Cost of Work uncertified	33,000
Work-in-progress (reserve) A/c	1,82,000
Cash received from contractee (being 80% of the work certified)	7,20,000
Entire Plant remained at site, as on 31 st March 2019	?
Wages outstanding as on 31 st March 2019	8,000
Materials at site as on 31 st March 2019	25,000

Show, in the books of the contractor :

1. Extract of the Balance Sheet as on 31st March 2019
2. Contractee's A/c.

B. Explain in detail, classification of costs based on elements of cost, with suitable examples.

Q. 5 (2 x 10 = 20)

A. The following data relates to the manufacture of a standard product during the month of March 2019.

Raw materials consumed	₹ 80,000
Direct wages paid	₹ 38,000
Direct wages accrued	₹ 10,000
Machine hours worked	1,900 hours

Machine hours rate	₹ 2 per hour
--------------------	--------------

Pg 3 of 3

Administrative overheads	15% of works cost
Selling overheads	₹ 5 per unit
Units produced and sold	20,000 @ ₹ 15 each

You are required to prepare the cost sheet for the above month.

B. In the glass industry, the cost of the manufacturing operations upto the split off point amounted to ₹ 2,38,000, with the following production :

Product	Units	Grade points
Thick black glass	800 units	5
Fine transparent glass 1	1,000 units	4
Fine transparent glass 2	500 units	3
Brittle coloured glass	1,200 units	2

Apportion the joint costs to the above products on the basis of Points value method.

- Q. 6. Write short notes on the following (**any 4**). (4 x 5= 20)
- Joint products and by-products.
 - Accounting treatment of defectives.
 - Incomplete contracts.
 - Cost centre.
 - Scrap and its accounting treatment.

XXXXXXXXXXXXXXXXXXXX