

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS
PONDA-GOA

B.COM. (SEMESTER-III) CHOICE BASED CREDIT SYSTEM
SUPPLEMENTARY EXAMINATION, MAY/JUNE 2019
FUNDAMENTALS OF COST ACCOUNTING

Time : 2 hours

Marks : 80

- Instructions :
1. Question no. 1 is compulsory.
 2. Answer any 3 questions from Q2 – Q6

Q. 1. The Karavilla Construction Company undertook the construction of a bridge over river Narmada for a contract price of ₹ 50 lakhs. The contract started on 1st April 2018 and the expenses incurred for the year ended 31st March 2018 were as follows: (20)

Labour paid at site	6,20,000
Equipment installed at site	8,00,000
Materials sent to site	6,10,000
Materials purchased from the market	2,50,000
Direct office expenses	48,000
Equipment on site on 31 st March 2018	7,30,000
Materials in hand on 31 st March 2018	16,300
Wages accrued due on 31 st March 2018	80,000
Direct office expenses due on 31 st March 2018	22,000
Work done but not yet certified	28,000
Amount certified by the surveyor	32,50,000
Cash received on account for the contractee	26,00,000

- Prepare :
1. The Contract Account for the year ended 31st March 2018
 2. Balance Sheet (extract) as on 31st March 2018.

Q. 2. Product "Glitter" is obtained after passing through three distinct processes A,B and C. The following information is obtained from the records of a company for the year 2018: (20)

Particulars	Process A	Process B	Process C
Units introduced in the process	9,000	-----	-----
Cost per unit (₹)	150	-----	-----
Sundry materials (₹)	23,500	25,000	15,000
Direct labour (₹)	80,000	2,07,200	26,110
Direct expenses (₹)	2,250	7,200	8,100
Selling price per unit of output (₹)	200	280	300

From the past experience it is ascertained that normal loss in each process is as follows : process A- 5 %, process B – 10 % and process C –3 %. In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value which from process A realizes ₹ 5 per unit, process B ₹10 per unit and process C ₹15 per unit.

The actual output of each process has been as follows: process A- 8,400, process B – 5,700 and process C- 3,660 units.

During the year $\frac{3}{4}$ of the output of process A and $\frac{2}{3}$ of the output of process B was transferred to the next process and the balance was sold. The entire output of process C was sold.

Prepare the three process accounts.

Q. 3. Following are the particulars of a company for the year 2017-18. (20)

Opening stock :		Closing stock :	
Raw materials	33,280	Raw materials	35,360
Finished goods	72,800	Finished goods	78,000
Purchases of raw materials	7,59,200	Works overheads	1,29,220
Productive wages	5,16,880	Administration overheads	70,161
Sales	15,39,200		

The company is about to send a tender for a new order received. The estimates for the new order are that materials required will be ₹ 52,000 and wages to workmen shall be ₹ 31,200.

Prepare an estimated cost sheet and show at what price the tender should be quoted if works overheads are based on productive wages and administration overheads on works cost. The tender shall earn a profit of 25% on the selling price.

Q. 4. A) A Product passes through 2 processes A and B till completion. The output of process A passes to process B and finally to finished stock account. The details of the expenses and other matter for the 2 processes are as follows : (10)

	Process A	Process B
Input of materials (units)	10,000	-----
Total Cost of material input (₹)	12,000	-----
Additional material consumed(₹)	12,000	10,560
Direct labour(₹)	14,000	8,000
Other manufacturing expenses(₹)	4,000	4,000
Output (units)	9,400	8,300
Normal wastage (%)	5%	10%
Realizable value of normal loss units (₹)	₹ 8	₹10

Prepare the normal loss A/c and abnormal loss A/c.

B) Following are the details of a contract for the year ended 31st March 2018. (10)

Materials issued to site	8,00,000
Direct wages paid	2,30,000
Plant issued to site	4,50,000
Depreciation on plant for the year	90,000
Work certified	?
Notional profit for the year, transferred to Profit & loss a/c	63,500
Cost of Work uncertified	30,000
Work-in-progress(reserve) A/c	34,500
Cash received from contractee (80 % of the work certified)	14,40,000
Plant at site as on 31 st March 2018	?
Wages outstanding as on 31 st March 2018	16,000
Materials at site as on 31 st March 2018	50,000

Show, in the books of the contractor :

1. Extract of the Balance Sheet as on 31st March 2018,
2. Contractee's A/c.

Q. 5. A) The following data relates to the manufacture of a standard product during the month of March 2018. (10)

Raw materials consumed	₹ 40,000
Direct wages	₹ 24,000
Machine hours worked	950 hours
Machine hours rate	₹ 2 per hour
Administrative overheads	15% of works cost
Selling overheads	₹5 per unit
Units produced and sold	18,000 @ ₹ 10 each

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

B) A company obtains four joint products A, B, C and D from a common process. The company incurs a total cost of ₹ 1,50,000 in the common process that yields an output of 1,000 units, 2,000 units, 500 units and 1,500 units of products A, B, C and D respectively. They are sold at unit prices of ₹ 50, ₹ 20, ₹ 100 and ₹ 70 respectively. Based on these, prepare a statement apportioning joint costs, on physical Units Method. (10)

Q. 6. Write short notes on the following : (20)

- a) Accounting treatment of wastage
- b) Elements of cost
- c) Cost Centre
- d) Non-cost items
- e) Cost unit

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