

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

B.Com. SEMESTER III (CBCS) EXAMINATION, NOVEMBER 2023
FUNDAMENTALS OF COST ACCOUNTING

Duration: 2 Hours

Marks: 80

INSTRUCTIONS:

1. Q. No. 1 is compulsory.
2. Answer any THREE questions from Q. No. 2 to Q. No. 6.
3. Figures to the right indicate full marks.
4. Working notes should form a part of the answer wherever necessary.

Q. 1. (20)

The following is the Trial Balance of P Constructions engaged on the execution of the Contract No. 202 for the year ended 31st March 2023.

Particulars	Amount (Debit)	Amount (Credit)
Land & Building	9,00,000	
Plant & Machinery (at site)	6,00,000	
Bank Balance	50,000	
Current Liabilities		3,00,000
Capital Account		6,00,000
Contractee Account (Cash received)		18,00,000
Profit & Loss Balance (On 1 st April 2022)		1,00,000
Direct material for the contract	7,50,000	
Direct wages for the contract	4,00,000	
Direct expenses for the contract	1,00,000	
	28,00,000	28,00,000

Additional Information:

Contract No. 202 began on 1st July 2022. The contract price is ₹ 24,00,000 and customer has so far paid ₹ 18,00,000 being 90% of the work certified. The cost of work done but not certified is estimated at ₹ 60,000. Material worth ₹ 10,000 were stolen from the site. On 31st march 2023 after the above trial balance was extracted machinery costing ₹ 2,00,000 was returned to stores and materials on site were valued at ₹ 26,000. Provision is to be made for direct labour accrued at ₹ 16000. Depreciation is to be charged on plant & machinery at 10% p. a.

You are required to prepare:

- a. Contract Account
- b. Balance Sheet as on 31st March 2023.

Q. 2.**(20)**

A product passes through three distinct processes X, Y and Z. The output of each process passes directly to the next process and finally to finished stock. The following information is obtained from the accounts for the month of October 2023.

Particulars	Process X	Process Y	Process Z
Direct Material introduced in units	10000	2400	3000
Cost of Direct Material per unit	₹ 20	₹ 30	₹ 30
Direct labour	₹ 70,000	₹ 90,000	₹ 80,000
Direct expenses	₹ 30,000	₹ 40,000	₹ 60,000
Production overheads	₹ 54,800	₹ 35,600	₹ 34,000
Value of scrap per unit	₹ 10	₹ 15	₹ 20
% of Normal loss	2 %	4 %	6 %
Actual output in units	9600	12000	14000

Prepare: Process X, Process Y and Process Z Accounts.

Q.3.**(20)**

G Enterprise sold 2000 umbrellas for the year 2023. Its summarised Trading and Profit & Loss Account for the year 2023 is as follows:

Particulars	Amount	Particulars	Amount
To Direct Material	120000	By Sales	600000
To Direct wages	180000		
To Factory expenses	75000		
To Gross Profit c/d	225000		
	<u>600000</u>		<u>600000</u>
To Management expenses	90000	By Gross Profit b/d	225000
To General expenses	30000		
To Rent, rates & taxes	15000		
To Selling expenses	25000		
To Delivery expenses	20000		
To Net Profit	45000		
	<u>225000</u>		<u>225000</u>

For the year 2024 it is estimated that:

1. The output and sales will be 3000 umbrellas.
2. Price of material will rise by 25%.
3. Wages per unit will rise by 10%.
4. Factory overheads will be equal to 25% of prime cost.
5. Selling and delivery expenses per unit will remain unchanged.
6. Other expenses will remain unaffected by the rise in output.

Prepare a Cost Statement showing the price at which umbrellas should be sold in 2024 so as to earn a profit of 20% on cost.

Q.4. (a)**(10)**

A product of a concern passes through two processes viz. Process I and Process II. It is ascertained that in each process normally 5% of the total weight is lost and 5% is scrap which from Process I and II realises ₹ 80 and ₹ 100 per unit respectively. The output of Process I passes directly to Process II. Half of the output of Process II is sold at ₹ 700 per unit and remaining half is transferred to finished stock. Details relating to the production for the month of October 2023 are as follows:

Particulars	Process I	Process II
Units introduced	1000	-
Cost of material per unit	₹ 100	-
Direct labour	₹ 1,00,000	₹ 1,60,000
Manufacturing expenses	₹ 74,000	₹ 60,500

You are required to prepare Process I and Process II Accounts

Q. 4. (b)**(10)**

From the following information, prepare Cost Sheet for the month of October 2023.

Particulars	₹	Particulars	₹
Direct Materials	2,60,000	General expenses	40,000
Direct expenses	40,000	Advertisement	20,000
Staff salaries	1,50,000	Income tax paid	16,000
Direct wages	80,000	Depreciation on plant	18,000
Depreciation on delivery van	10,000	Interest on loan	10,000
Factory rent and rates	30,000	Office rent	20,000
Donations	10,000	Sales	7,00,000

Q. 5. (a)**(10)**

On 1st April 2022, D Constructions undertook a contract for ₹ 75,00,000. The expenses incurred for the contract for the year ending 31st March 2023 were materials ₹ 13,00,000, wages ₹ 3,00,000, direct expenses ₹ 1,00,000, overheads ₹ 1,00,000. During the year material destroyed by accident were ₹ 12,000 and materials of ₹ 20,000 were transferred to another site. Materials lying at site on 31st March 2023 was ₹ 50,000. Machinery worth ₹ 5,00,000 was installed at site on 1st October 2022. Depreciation is to be provided on machinery @ 10% p. a. Work Certified was ₹ 20,00,000 and 75% of the same is received in cash. Work completed but not certified amounted to ₹ 75,000.

You are required to prepare Contract Account for the year ending 31st March 2023.

Q. 5. (b) Distinguish between Cost Accounting and Financial Accounting (any five points) **(5)**

Q. 5. (c) Explain the importance of Cost Accounting to the management (any five points) **(5)**

Q. 6. Write short notes on (any four) (20)

- i. Cost unit
- ii. Variable cost
- iii. Abnormal loss
- iv. Work certified
- v. Accounting for scrap
