**B.COM. III SEMESTER END EXAMINATION, OCTOBER 2018**

**FUNDAMENTALS OF COST ACCOUNTING CC 10**

**Duration: 2 Hours Total Marks:80**

**INSTRUCTIONS*: 1] Question I is Compulsory.***

***2] Answer any 3 from Q.2 to Q. 6***

***3] Use of simple calculator is allowed.***

Q1. Following particulars have been taken from the books of Asha ltd for the year ended **(20)** 31stMarch 2018.

|  |  |
| --- | --- |
| Purchase of raw materials | 4,95,000 |
| Direct wages | 3,18,000 |
| Office salary | 94,500 |
| Carriage inwards | 3,000 |
| Carriage outwards | 2,80,120 |
| Sales | 16,00,000 |
| Opening stock |  |
| * Raw materials | 1,80,000 |
| * Finished goods (6000 units) | 44,910 |
| * Work in progress | 66,000 |
| Travelling expenses | 11,920 |
| Interest on capital | 30,000 |
| Advertising | 29,800 |
| Power | 10,500 |
| Income tax | 95,000 |
| Agent’s commission | 46,190 |
| Plant maintenance | 37,500 |
| Rent & lighting (9/10th for factory) | 1,05,000 |
| Rent received | 3,000 |
| Rent of warehouse | 5,960 |
| Sundry expenses |  |
| * Factory | 13,500 |
| * Office | 25,500 |
| Building repairs (1/10th for office) | 1,05,000 |
| Manager’s salary (for factory 12,000) | 22,500 |
| Depreciation on |  |
| * Plant | 19,500 |
| * Factory building | 7,500 |
| * Office building | 9,000 |
| Sales of scrap | 4,500 |

Closing stock of raw materials Rs. 1,95,000, and Work in progress Rs. 78,000. During the year 150000 units were produced out of which 7,000 units remain unsold. Prepare cost sheet and show total and per unit cost. Also show total profit and per unit profit.

Q2. Trading & profit & loss a/c of Arya ltd for the year ended 31st March 2018 **(20)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Rs** | **Particulars** | **Rs** |
| To materials consumed | 3,75,000 | By sales (15000 units) | 15,00,000 |
| To direct wages | 2,25,000 |  |  |
| To factory overheads | 3,00,000 |  |  |
| To gross profit c/d | 6,00,000 |  |  |
|  | **15,00,000** |  | **15,00,000** |
| To office rent | 90,000 | By gross profit b/d | 6,00,000 |
| To general expenses | 75,000 | By dividend received | 13,500 |
| To management expenses | 60,000 | By interest on investment | 6,500 |
| To goodwill w/o | 22,500 |  |  |
| To advertisement | 1,31,250 |  |  |
| To salesmen commission | 1,50,000 |  |  |
| To interest on loan | 14,500 |  |  |
| To net profit c/d | 76,750 |  |  |
|  | **6,20,000** |  | **6,20,000** |

For the year ending 31st March 2019 following estimates have been made:

1. Production & sales units will be doubled.
2. Direct material cost per unit will rise by 20%.
3. Direct wages per unit will increase by 40%.
4. Of the factory overheads Rs. 1,50,000 are fixed and would remain at the same level but variable thereof would be in same proportion to direct wages as in 2018-19.
5. Total office &administration overheads will increase by 40%.
6. Selling & distribution overheads per unit will increase by 20%.
7. Selling price per unit will increase by 10%.

You are required to prepare :

1. Cost sheet for the year ended 31st March 2018 showing cost per unit and total cost and
2. Projected cost sheet for the year ending 31st March 2019 showing cost per unit and total cost

Q3. The product of a company passes through 3 distinct processes A,B& C. It is **(20)**

ascertained from past experience that loss in each process is incurred as under:

Process A-2%, process B- 5%, process C- 10%. The percentage of loss in each case is computed on the basis of number of units entering the process concerned. The loss of each process has a scrap value. The loss of process A & B is sold at Rs. 1 per unit & that of process C atRs. 4 per unit.

The company gives you the following information for the month of July 2018: 2000 units of crude material were introduced in process A at a cost of Rs. 8 per unit. Besides this the following were other expenses:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Process A** | **Process B** | **Process C** |
| Materials consumed | 8,000 | 3,000 | 2,000 |
| Direct labour | 12,000 | 8,000 | 6,000 |
| Works expenses | 2,000 | 1,000 | 3,000 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Units** | **Units** | **Units** |
| Output | 1,950 | 1,925 | 1,590 |
| Stock :July 1st | 200 | 300 | 500 |
| Stock :July 31st | 150 | 400 | - |
| Stock valuation on 1st July per unit | 19 | 17 | 36.5 |

Stock on 31st July 2018 are to be valued at cost as shown by monthly production a/cs. Prepare process a/cs, process stock a/cs, normal loss a/c, abnormal loss a/c and abnormal gain a/c.

Q4. Patanjali ltd provides you the following information for the month ended **(20)**

31st January 2018:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **process** | | |
|  | **N** | **P** | **A** |
| Basic raw material introduced (kgs) | 96,000 | 16,160 | 10,840 |
| Cost of Basic raw material per kg (Rs) | 12 | 15 | 18 |
| Indirect material (Rs) | 1,32,400 | 1,67,120 | 1,73,860 |
| Direct wages (Rs) | 6,80,000 | 7,60,000 | 7,40,000 |
| Direct expenses (Rs) | 2,40,000 | 3,80,000 | 3,90,000 |
| Production overheads (Rs) | 2,82,000 | 2,50,000 | 2,70,000 |
| Output transferred to next process (%) | 70% | 60% | - |
| Output sold at the end of the process (%) | 30% | 40% | 100% |
| Selling price per kg (Rs.) | 30 | 50 | 80 |
| Normal loss (% of total kgs introduced in the process) | 5% | 8% | 10% |
| Scrap value per kg (Rs) | 5 | 10 | 15 |

Prepare process a/cs and normal los a/c.

Q5. Following trial balance was extracted on 31st December 2017 from the books of **(20)**

OK ltd contractors.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Rs** | **Rs** |
| Share capital : share of Rs. 10 each |  | 3,51,800 |
| Profit & loss a/c on 1stJanuary 2017 |  | 25,000 |
| Provision for depreciation of machinery |  | 63,000 |
| Cash received on a/c |  | 12,80,000 |
| Creditors |  | 81,200 |
| Land & buildings (cost) | 74,000 |  |
| Machinery (cost) | 52,000 |  |
| Bank | 45,000 |  |
| Materials | 6,00,000 |  |
| Direct labour | 8,30,000 |  |
| Expenses | 40,000 |  |
| Machinery on site (cost) | 1,60,000 |  |

Contract began on 1st January 2017. The contract price is Rs. 24,00,000 and customer has so far paid Rs. 12,80,000 being 80% of the work certified.

The cost of work done since certification is estimated at Rs. 16,000.

On 31st December 2017 after the above trial balance was extracted, machinery costing Rs. 42,000 was returned to stores and materials then on site were valued at Rs. 27,000.

Provision is to made for direct labour accrued Rs. 6,000 & for depreciation for all machinery at 12% on cost.

You are required to prepare:

1. Contract a/c
2. Balance sheet of OK ltd as on 31st December 2017.

Q6. A. Distinguish between financial accounting & cost accounting **(10)**

B. Explain the advantages of cost accounting to various parties. **(10)**