

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
NUVEM - GOA**

B.COM. CBCS SEMESTER III EXAMINATION, JANUARY 2021

Subject Code: CC - 10

Subject Name: Fundamentals of Cost Accounting

Total marks: 40

Date: 05/01/2021

Duration: 2 hrs.

Total No of pages: 03

Instructions: 1. *Q. Nos. 1 consist of SIX questions. Answer any FOUR.*
2. *Each question carries 10 marks.*
3. *Working notes and schedules required wherever necessary.*
4. *Figures to the right indicate full marks.*

Q I. Answer any FOUR of the following: -

1. The following information is available from the books of a company manufacturing luxury ceiling fans.

Production & sales during the year ended 31-12-2019 was 500 units.

Direct material	1,00,000
Direct wages	75,000
Factory expenses	68,750
Administration expenses	30,000
Selling expenses	22,500
Sales	3,65,000

The following estimates have been made for the year 2020

1. Production & sales will be 750 units.
2. Material prices per unit will increase by 25% but due to economy in consumption the cost per unit will reduce by 12%.
3. The wage rates per unit will increase by 20%.
4. Factory expenses of ₹25,000 are fixed. The remaining factory expenses will be in the same proportion to materials consumed and wages as in the previous year.
5. The total administration expenses will increase by $66\frac{2}{3}\%$.
6. Selling expenses will be ₹45,000.
7. The profit desired is 20% on sales.

Prepare a cost statement showing cost per unit and total of 2019 & 2020, profit per unit and total profit for both the year. **(10 mks)**

2. The following is the Trial Balance of Cross Roads Realtors Construction Company engaged on the execution of Contract No. 747 for the year ended 31st December 2020.

Particulars	Debit ₹	Credit ₹
Building	1,60,000	
Creditors		72,000
Bank Balance	35,000	
Capital Account		5,00,000
Materials	2,00,000	
Wages	1,80,000	
Expenses	47,000	

Plant	2,50,000	
Cash from contractee		3,00,000
	8,72,000	8,72,000

The work on contract No. 747 was commenced on 1st January, 2020. Material costing ₹1,70,000 were sent to the site of the contract but those of ₹6,000 were destroyed in an accident. Wages of ₹1,80,000 were paid during the year. Plant costing ₹50,000 was used on the contract all through the year. Plant with a cost of ₹2 lakhs was used from 1st January to 30th September and was then returned to the stores. Materials of the cost of ₹4,000 were at site on 31st December 2020. The contract was for ₹6,00,000 and the contractee pays 75% of the work certified. Work certified was 80% of the total contract work at the end of 2020. Expenses are charged to contract at 25% of wages. Plant is to be depreciated at 10% for the entire year. Work uncertified ₹15,000.

Prepare Contract No 747 account for the year 2020 and Balance Sheet as on 31st December 2020 in the books of Cross Roads Realtors Construction Co. **(10 mks)**

3. Sehneider Ltd. manufactures a chemical which passes through three processes. The following particulars gathered for the month of January 2020.

Particulars	Process A	Process B	Process C
Basic Materials (Litres)	4,000	2,080	1,680
Cost of Basic Materials	₹3,84,000	₹1,88,000	₹60,000
Direct Wages	₹76,800	₹76,000	₹22,000
Production Overheads	₹84,000	₹88,000	₹99,720
Normal Loss (% of Total Input)	4%	5%	5%
Scrap Sale Value	Nil	₹3 Per Litre	Nil
Output transferred to next process %	50%	40%	Nil
Output transferred to Warehouse %	50%	60%	100%

You are required to prepare Process Account.

(10 mks)

4. The following information relates to a building contract for ₹5,00,000.

Particulars	2019(₹.)	2020 (₹.)
Material issued	1,50,000	42,000
Direct wages	1,10,000	50,000
Sub Contract Charges	6,000	5,000
Debris Removal Charges	5,000	
General Expenses	3,000	700
Supervision Charges	5,000	2,500
Work Certified (Cumulative)	3,75,000	5,00,000
Work Uncertified	4,000	
Materials at Site at the End	2,500	
Plant issued	7,000	1,000
Material Return to Stores		3,500
Cash Received from Contractee during the year	3,00,000	2,00,000

The value of Plant at end of 2019 and 2020 was ₹3,500 and ₹2,500 respectively. You are required to prepare contract account and contractee's account for the year 2019 and 2020. **(10 mks)**

5. Following details are furnished by D ltd of expenses incurred during the year ended 31-03-2020.

Particulars	Amount (₹.)
Direct materials	1,50,000
Opening Stock of Finished goods (1000 units)	42,600
Closing Stock of Finished goods (2000 units)	?
Depreciation on plant & machinery	48,000
Loss on sale of machinery	8,750
Demonstration expenses	42,750
Direct expenses	80,000
General manager salary	1,90,000
Advertisement	92,625
Depreciation on computer	86,000
Purchase of machinery	95,000
Depreciation on delivery van	57,000
Office maintenance charges	94,000
Other factory overheads	1,02,000
Goodwill w/off	12,500
Sales (19,000 units)	11,40,000
Interim Dividend paid	3,900
Direct wages	1,00,000
Dividend paid	8,00,000
Direct wages	90,000
Works managers salary	50,000

Closing stock of finished goods to be valued at cost of production. You are required to prepare cost sheet showing various elements of cost both in total and per unit and also find out total profit and per unit profit. **(10 mks)**

6. Answer the following: **(5X2=10mks)**
- What is scrap & spoilage? Mention the accounting treatment of scrap and spoilage.
 - Distinction between cost accounting and financial accounting.