

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

**SEMESTER END EXAMINATION, NOVEMBER 2022**

**Semester: III of B. Com**

**Course Name: Fundamentals of Cost Accounting - CC - 10**

**Course Code: UCOC106**

**Total marks: 80**

**Date: 19/11/2022**

**Duration: 2 hours**

**Total No of pages: 04**

**Instructions: 1. Q. No. 1 is compulsory**

**2. Answer any three questions from Q. Nos. II- VI**

**3. Each question carries 20 marks.**

**4. Working notes and schedules required wherever necessary.**

**5. Figures to the right indicate full marks.**

**Q I.** The following information for the year ending 31<sup>st</sup> March, 2022 is taken from the books of Sohan Company which manufacture cycle:

Particulars	Amount (₹.)
Direct Materials Consumed	3,75,000
Direct Wages	2,25,000
Direct Expenses	1,50,000
Indirect Materials Consumed	17,500
Depreciation on Machinery	13,250
Indirect Wages	39,500
Factory Expenses	1,17,250
Commission to Salesmen	79,250
Office Staff Salaries	92,500
Printing and Stationery	11,000
Showroom Expenses	72,350
Administrative Expenses	84,000
Carriage Outwards	15,850
Advertisements	57,550
Dividend	11,250
Provision for Tax	75,000
Sales	15,00,000

During the year ending 31<sup>st</sup> March 2022; 750 cycles were produced and sold.

Following estimates have been made for the year ended 31<sup>st</sup> March 2023.

1. Production and sale of cycles will be doubled.
2. Direct Materials cost per unit will rise by 50%.
3. Direct Wages per unit will increase by 25%.
4. Direct Expenses per unit will be in the same proportion to Direct Wages as in the previous year.
5. Total factory overheads will be in the same proportion to Prime Cost, Total Administrative Overheads in the same proportion to work cost and total selling and distribution overheads in the same proportion to cost of production in the previous year.
6. The management desires to charge profit on sales price in the same proportion as in the previous year.

You are required to prepare:

- a) Cost Sheet for the year ending 31<sup>st</sup> March 2022 showing total cost and cost per unit.  
b) Estimated Cost Sheet showing total cost and cost per unit for the year ending 31<sup>st</sup> March 2023.  
(20mks)

**Q II.** Mr. Raj Contractors and Builders have obtained a contract for constructing a Housing Complex. The contract work commenced on 1<sup>st</sup> July 2019 and was completed on 31<sup>st</sup> January 2022. The year ending of the company is 31<sup>st</sup> March. The contract price was ₹8,00,00,000.  
The Contractee agrees to pay 90% of the value of the work done as work certified by the Architect immediately. A machine costing ₹60,00,000 was specially bought and used for the contract. The residual value of the machine as on 31<sup>st</sup> January 2022 was ₹20,00,000. Depreciation is to be affected on a straight-line basis.  
You are provided with the following information:

Particulars	2019 - 2020	2020 - 2021	2021 - 2022
Material Purchased (₹)	27,50,000	86,25,000	19,75,000
Direct Labour (₹)	78,50,000	90,36,500	1,03,00,000
Architect's Fees (₹)	2,50,000	4,50,000	5,00,000
Supervision Charges (₹)	1,22,000	1,85,000	2,76,000
Overhead Charges (₹)	67,75,500	41,66,500	87,11,000
Materials on site at the end of the year (₹)	50,000	1,25,000	75,000
Uncertified Work at the end of the year (₹)	2,00,000	4,00,000	Nil
Amount received from the Contractee during the year (₹)	1,80,00,000	3,60,00,000	2,60,00,000

As per the policy of the company, no profit is to be considered unless the certified work completed exceeds 20% of the total contract price. Thereafter, profit is to be taken credit for in the same proportion as the cumulative amount received bears to contract price.  
Prepare Contract Accounts for all the 3 years and show the extracts of the Balance Sheet as on 31<sup>st</sup> March 2022.  
(20mks)

**Q III.** Reena Ltd. provides you the following information for the month ended 31<sup>st</sup> January 2022.

Particulars	Process N	Process P	Process A
Basic Raw Materials introduced (Kgs)	96,000	16,160	10,840
Cost of Basic Raw Material per kg. (₹)	12	15	18
Indirect Materials (₹)	1,32,400	1,67,120	1,73,860
Direct Wages (₹)	6,80,000	7,60,000	7,40,000
Direct Expenses (₹)	2,40,000	3,80,000	3,90,000
Production Overheads (₹)	2,82,000	2,50,000	2,70,000
Output transferred to Next Process (%)	70%	60%	Nil
Output Sold at the end of the Process (%)	30%	40%	100%
Selling Price per kg.	30	50	80

Normal Loss (%)	5%	8%	10%
Scrap Value per Kg (₹)	5	10	15

Prepare the Process Accounts.

(20 mks)

Q IV (A). Sunil undertook a contract for ₹5,00,000. He incurred the following expenses during the year.

(10mks)

Particulars	Amount (₹.)
Material issued from Stores	1,00,000
Material purchased for the contract	90,000
Plant installed at cost	70,000
Wage paid	2,00,000
Wages accrued due on 31-12-2022	80,000
Direct expenses paid	20,000
Direct expenses accrued due on 31-12-2022	5,000
Establishment Expenses	13,000

1. Of the plant and material charged to the contract, the plant which cost ₹4,000 and the materials costing ₹3,000 were lost. Some of the material costing ₹4,000 were sold for ₹5,000.
2. On 31<sup>st</sup> December, 2022 the plant which cost ₹1,000 was returned to the stores and a part of the plant which cost ₹400 was so damaged as to render itself useless.
3. The work certified was ₹4,80,000 and 80% of the same was received in cash.
4. The cost of work done but uncertified was ₹2,000.
5. Charge 10% p.a. depreciation on plant.

Prepare contract account for the year ended 31<sup>st</sup> December 2022 and also the particulars relating to the contract in the balance sheet of the contractor as on 31<sup>st</sup> Dec 2022.

(B). The product of a company passes through three distinct processes to completion. They are known as A, B and C. From past experience, it is ascertained that wastage is incurred in each process as under: Process A - 2%, Process B - 5% and Process C - 10%. In each case the percentage of wastage is computed on the number of units entering the process concerned.

The wastage of each process possesses a scrap value. The wastage of process A and B is sold at ₹5 per 100 units and that of process C at ₹20 per 100 units.

The output of each process passes immediately to the next process and the Finished are passed from process C into stock.

The following information is obtained.

(10mks)

Particulars	Process A	Process B	Process C
Materials consumed	₹12,000	₹8,000	₹4,000
Direct Labour	₹16,000	₹12,000	₹6,000
Manufacturing Expenses	₹2,200	₹2,000	₹3,000

40,000 units have been issued to process A at a cost ₹20,000.

The output of each process has been as under:

Process A - 39,000; Process B - 37,600; Process C - 32,000

There is no work – in – progress in any process.

Prepare process accounts and the calculations should be made to the nearest rupee.

Q V. From the following information, prepare the cost statement showing total cost and cost per unit of Suman Manufacturing Ltd. for the year ended 31<sup>st</sup> March 2022.

Particulars	Amount (₹.)
Opening Stock of Raw Materials	20,000
Opening Stock of Finished Goods	30,000
Purchase of Raw Materials	15,00,000
Direct Wages	12,00,000
Power	99,500
Carriage on purchase of Raw Materials	20,000
Cost of Special Design	50,000
Custom Duty and Octroi on Raw Materials	60,000
Office Rent	50,000
Factory Rent	70,000
Telephone Expenses	30,000
Advertisement	75,000
Electricity – Office	15,000
Electricity – Factory	30,000
General Reserve	1,00,000
Depreciation on Plant and Machinery	80,000
Depreciation on Delivery Van	20,000
Income Tax	1,20,000
Salaries	2,50,000
Donations	70,000
Establishment Expenses	1,00,000
Rent of Showroom	65,000
Interest on Loan	45,000
Sale of Factory Scrap	7,500
Dividend Received	17,500
Directors Fees	60,000
Cost of Catalogues	10,000
Closing Stock of Raw Material	1,85,000
Closing Stock of Finished Goods	30,000

- 60% of telephone expenses relate to office and 40% to sales department.
- Salaries to be allocated to the factory, office and sales department in the ration of 1:2:1.
- Establishment expenses are to be apportioned equally between office and sales department.
- Sales are made to earn profit @ 20% on selling price.

(20mks)

Q 6A. Distinguish between Financial Accounting and Cost Accounting.

(10mks)

B. Write a short note on spoilage and waste and the accounting treatment for spoilage and waste.

(10mks)