Government of Goa College of Commerce Borda, Margao Goa

Fundamentals of cost accounting-Paper –I, Third Semester End Examination

October 2018

Max Time: 2hrs **Max Marks: 80**

Instructions to Students:

i. *Q no.1 is compulsory*
ii. *Answer any 3 from Q.NO.2 to Q. NO. 6*
iii. *Figures to the right indicate full marks*

Q. No.1. Answer the following:

i) From the following information, calculate the amount of profit to be transferred to profit and loss a/c:-

Contract price.................................... 5, 00,000

Work certified......... ....1, 25,000

Cash received (being 75% of work certified)... 93,500

Notional profit 51,000

ii) Ascertain the closing stock of finished goods from the following information:-

Opening Stock of Finished Goods ....3,200 Units

Sales during the Year...............................64,000 Units

Goods Produced During the Year ....70, 000 Units

iii) From the following information supplied to you, you are required to calculate the abnormal loss/ abnormal gain in units as well as value, in respect of process 'A' account.

Input of raw material...........................10,000 units @ of Rs. 50 per unit

Other costs...Rs.2. 00,000

Normal loss..5% of input

Scrap value per unit ....Rs. 10/- unit

Actual output in units..........................9,000 units

iv) A processing company produces three products from A , B and C. Apportion the joint expenses on the basis of sales value.

Production of each product and sales is as follows:-

Product	Units produced	Selling price per unit
A	200	12/-
B	600	8/-
C	700	4/-

Q. No.2. Prepare cost sheet from the following information relating to article acc'.

<u>Stock as on 1-1-2017</u>	
Raw materials	4000
Finished goods-400 units	3200
Purchase of raw material	24000
Direct wages	20000
Works overheads	8400
<u>Work in progress</u>	
On 1-1-2017	960
On 31-12-2017	3200
Office and Administration overheads	1600
<u>Stock on 31-12-2017</u>	
Raw material	4400
Finished goods-800 units	?
Sales of finished goods	60000

Selling expenses are expected to be re. 0.20 paise per unit. Total production during the year. 2017, was 6400 units

Q.No. 3. M/S Sarai Builders Ltd. Undertook contract no 004 on 1-1-2017, for Rs. 6, 00,000. The trial balance as on 31-12-2017 is as under.

	Dr.(Rs.)	Cr. (Rs)
Share capital		600,000
Contractees account (amount received 75% of work certified)		3,60000
Creditors		50000
Buildings	2,08,000	
Bank balance	1,07000	
Materials purchased	2,20,000	
Wages paid	1,80,000	
Expenses paid	45,000	
Plant	2,50,000	
	10,10,000	10,10,000

Additional information:

1) Materials worth Rs. 8000/- were at site on 31-12-2017
2) Work uncertified amounted to Rs. 15000/-
3) Depreciate machinery at 10%

Prepare contract account and balance sheet as on 31-12-2017.

Q.No.4. the finished products of a manufacturing company passes through three processes, namely A,B, and C. the output of each process is transferred to the next process and the finished output of process c is transferred to finished stock. There was no stock of work in progress in any process.

40,000 units of raw input have been issued to process A at a cost of Rs. 3,20,000/-

The other information is as follows:

	Process A	Process B	Process C
Material used (Rs)	1,20,000	70,000	40,000
Direct labour (Rs)	80,000	60,000	50,000

Q.No.5. a) product A yields by-products B and C. the joint expenses of manufacture are as follows:

Material	19000
Labour	10000
Overheads	700
Total	29700

Subsequent expenses are as follows:

	A	b	C
Materials	8000	4000	2000
Labour	4000	3000	1000
Overheads	600	500	500
Total	12600	7500	3500
Selling price	51000	21000	10000
Estimated profit on sale	40%	30%	20%

Prepare statement showing apportionment of joint expenses.

b) Write contract account from the following particulars of Satpal & Company. Direct materials Rs. 10,000/- wages Rs. 16,000/-, special plant Rs. 8000/-, stores issued Rs. 2880/-, loose tools Rs.1500/- administrative expenses Rs.2555/- cost of tractor (fuel, wages of drivers etc.) Rs. 3450/- contract price Rs. 40000/-.

The contract was completed in 20 weeks. The special plant is to be depreciation of 20% per annum on original cost. The value of loose tools at the end were Rs. 1000/- and stores returned to stores is Rs. 400/- respectively. The written down value of the tractor used for the contract was Rs. 19500/- and depreciation on this value was to be charged to this contract at 20% per annum.

Q.No.6. Answer the following briefly (20 marks)

a) What is meant by cost center? Explain with two examples.

b) Explain the valuation procedure for abnormal loss/abnormal gain?

c) Describe the objectives and merits of cost accounting?

d) write a brief note on escalation clause?