

**M.E.S. COLLEGE OF ARTS & COMMERCE, ZUARINAGAR-GOA**  
**B.Com (CBCS) III Semester End Examination (Regular/ Repeat), January, 2022**  
**CC10 - FUNDAMENTALS OF COST ACCOUNTING (UCOC106)**

**Instructions:**

- i) Question No. 1 is compulsory
- ii) Answer any **three** from Q No. 2 to Q No. 6
- iii) Working note should form part of answer
- iv) Simple calculators are allowed

**Duration : 2 Hours**

**Max. Marks: 80**

**Q.1. The following particulars have been extracted from the books of Biotech Bharat Manufacturing Company for the year ended 31/3/2021 (20)**

Particulars	Amt (₹)
Opening stock of raw materials	4,70,000
Closing stock of raw materials	500,000
Raw material purchased	20,80,000
Royalty on production	140,000
Carriage inward	82,000
Goodwill written off	34,000
Repairs to plant and machinery	106,000
Rent rates and taxes for factory	30,000
Audit fees	16,000
Office Conveyance	31,000
Salesmen salaries and Commission	84,000
Productive wages	14,00,000
Depreciation on plant and machinery	71,000
Depreciation on office furniture	6,000
Directors' fees	60,000
Gas and water charges for factory	15,000
Manager's salary	120,000
Cost of catalogues printing	20,000
Interest received	8,000
Trade fair expenses	20,000

**Adjustments**

1. Out of the 48 hours in a week, manager devotes 40 hours for factory, 8 hours for office per week for the whole year.
2. The management has fixed the selling price @ 120% of cost. **Prepare Cost Sheet.**

**Q.2. Essen Builders Constructions Company has undertaken three contracts during the year commencing from 1/4/2020 and following particulars are available as on 31/3/2021. (20)**

	Contract X ( Amt ₹)	Contract Y ( Amt ₹)	Contract Z (Amt ₹)
Contract Price	50,00,000	1,25,00,000	37,50,000
Materials issued to contract	8,26,000	11,22,500	9,48,000
Labour	514,000	6,32,500	6,27,500
Sub contract charges	424,000	4,19,500	2,17,500
Architects fees	4% of work certified	4% of work certified	4% of work certified
Work certified	20,00,000	25,00,000	25,00,000
Work uncertified	1,75,000	2,00,000	125,000
Amount received from contractee	80% of work certified	90% of work certified	75% of work certified
Closing stock of materials	45,000	50,000	1,00,000

All contracts were commenced during the current year. Total depreciation on plants amounted to Rs 56,000 and allocate the same to all the contracts in the ratio of work certified.

**Prepare Contract X, Y and Z Account and show the calculation of profit transferred to Profit and Loss Account.**

**Q.3. A product of Dulux paints passes through three processes. The following cost data have been extracted from the books for year ended 31/3/2021. (20)**

Particulars	Process A (₹)	Process B (₹)	Process C (₹)
Process materials	24,000	20,000	18,000
Direct labour	32,000	10,000	9,800
Manufacturing expenses	4,000	6,800	7,000
Other factory expenses	7,000	4,000	4,500

**The following additional data are obtained:**

Process	Output in units	Percentage of Normal to input	Value of Scrap
A	7,700	2%	50 paise per unit
B	7,200	4%	Rs 1 per unit
C	7,040	3%	Rs 1.20 paise per unit

- 8,000 units were initially introduced in process 'A' at a cost of Rs 27,200. There was no stock of material or work-in-progress at the beginning or at the end.
- The output of each process passes directly to the next process and finally to the finished stock.

**Prepare Process A, B and C Accounts.**

**Q.4. In respect of HP Company the following figures have been obtained for the year 2020. (20)**

Particulars	Amt (₹)
Cost of Materials	24,00,000
Factory Overheads	12,00,000
Selling Overheads	8,96,000
Distribution Overheads	560,000
Direct Wages	20,00,000
Administrative Overheads	13,44,000
Profit	16,80,000

A work order has been executed in 2021 and the following expenses have been incurred:

- Materials Rs 32,000/-
- Wages Rs 20,000/-
  - Assuming that in 2021 the rate of factory overheads has increased by 20%, distribution overheads have gone down by 10%. Selling and administrative overheads have each gone up by 12.5%.
  - At what price should the product be sold in 2021 so as to earn the same rate of profit on the selling price as in 2020?
  - The percentage of Factory overheads are based on direct wages. The percentage of all other overheads are based on factory cost.

**Prepare Cost Sheet for 2020 and Estimated cost sheet for 2021**

**Q.5.A. M/s Mathias Builders began to trade on 1st April, 2020. The following was the expenditure on the contract for contract price of Rs 600,000. (10)**

Particulars	Amt (₹)
Materials issued to the contract	102,000
Plant used for contract	30,000
Wages incurred	162,000
Other expenses incurred	10,000

### **Adjustments**

- i. Cash received on account to 31<sup>st</sup> March, 2021 amounted to Rs 2,56,000 being 80% of the work certified.
- ii. Materials costing Rs 5,000 were lost.
- iii. The cost of work uncertified was Rs 2,000
- iv. Materials costing Rs 4,600 were in hand on site on 31/3/2021.
- v. Charge depreciation @15% on plant.

**Prepare Contract Account for the year ended 31/3/2021.**

**5.B.** The following details are available from the costing records of **Britannia Pvt Ltd Co** in which **Process A** was employed for the year ended 31/3/2021: (10)

<b>Particulars</b>	<b>Process A</b>
Materials	1,000 Tons @ Rs.50 per ton
Direct Wages	Rs 25,000
Factory Overhead	80% of Direct Wages
Wastage	50 Tons
Sales of By-products	150 Tons at Cost plus 20%

**The Output from Process 'A' is transferred to Process 'B' Account.**

**Prepare Process 'A' Accounts and Process 'A' By-Product Account**

**Q.6. Write short notes on any FOUR of the following:**

**(4 X 5 =20)**

- a. Any five Features of Process Costing.
  - b. Scope of Cost Accounting (Any five points).
  - c. Explain briefly any five types of Cost centres.
  - d. Accounting treatment of defectives.
  - e. Explain briefly four Types of Waste.
  - f. Escalation and De-escalation Clause in Contract Costing.
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