



DMM-2719

**Second Year B. Com. (Honours) (Sem. IV)
Examination**

March / April - 2016

Cost Accounting - Paper - III

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दशांशवैध निशानीवाणी विगतो उत्तरवही पर अवश्य लपवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
SECOND YEAR B. COM. (HONOURS) (SEM. IV)	<input type="text"/>
Name of the Subject :	<input type="text"/>
COST ACCOUNTING - PAPER - 3	<input type="text"/>
Subject Code No. : <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="9"/>	<input type="text"/>
Section No. (1, 2,...): <input type="text" value="Nil"/>	
Student's Signature	

- (2) All questions are compulsory.
- (3) Figures to the right indicate full marks of the questions.
- (4) Show necessary calculations as a part of your answer.

- 1 Attempt the following questions : 10
- (a) Find out the profit to be taken to P and L A/c. on a 3
contract which is 95% complete :

Rs.

Total cost upto date	3,80,000
Estimated additional expenses	20,000
Contract price	5,00,000
Value of work certified	4,50,000
Cost of work not certified	25,000
Cash Received	4,20,000

- (b) An article passes through three operations from the 3
raw material to the finished product stage. The following
data are available from the production records of a
particular month :

<i>Operation No.</i>	<i>No. of pieces input</i>	<i>No of pieces rejected</i>	<i>No. of pieces output</i>
1	60,000	20,000	40,000
2	66,000	6,000	60,000
3	48,000	8,000	40,000

Calculate the input required to be introduced in the first operation in number of pieces in order to obtain finished output of 100 pieces after last operation.

- (c) Calculate total quintal-km from the following information : 4

Distance travelled by each truck per day	= 200 kms
Normal loading capacity	= 100 quintals
Wastage in loading capacity	= 10%
Percentage of truck laid up for repair	= 5%
No. of days in month	= 25

- 2 (a) Following information is obtained for a processing unit for the month of March, 2015 : 7

	<i>Process A (Rs.)</i>	<i>Process B (Rs.)</i>
Direct material introduced	40,000 units @ Rs. 40 each	-
Other direct material	16,00,000	5,00,000
Direct wages	9,00,000	8,00,000
Direct expenses	8,20,000	1,50,000
Normal Loss	2%	10%
Sale value of scrap	Rs. 2500 for 100 units	Rs. 5000 for 100 units
Output	39,000 units Finished Goods (Process A)	36,500 units Finished Goods (Process B)
Opening stocks	6000 units	5000 units
Closing stocks	5000 units	8000 units
value of Opening Stock	Rs. 120 p.u.	Rs. 160 p.u.

Stocks are valued and transferred to subsequent process at weighted average cost.

Prepare process accounts and finished goods stock accounts.

- (b) From the following information, you are required to advise the hotel management. What room rent per day should be charged from the customer to able to earn 25% profit on cost other than interest : 7
- (1) Staff salaries : Rs. 4,00,000 p.a.
 - (2) Room attendants wages Rs. 10 per day. The wages are paid on daily basis and services of room attendants are needed only when the room is occupied. There is one room attendant for one room.
 - (3) Lighting, heating and power – The normal lighting expenses for a room if it is occupied for the whole month are Rs. 250 per room. Power is used only in winter and normal charges per month if occupied for a room are Rs. 100.
 - (4) Repairs to buildings : Rs. 50,000 p.a.
 - (5) Linen etc. : Rs. 24,000 p.a.
 - (6) Sundries : Rs. 33,000 p.a.
 - (7) Interior decoration : Rs. 50,000 p.a.
 - (8) Cost of Building Rs. 20,00,000 Rate of depreciation 5%
 - (9) Other equipment Rs. 5,00,000. Rate of depreciation 10%
 - (10) Interest at 10% may be charged on the investment of rs. 25,00,000 in the building and equipment.
 - (11) There are 100 rooms in the hotel and 80% of the rooms are normally occupied in summer and 30% of the rooms are busy in winter. Period of summer and winter is six months each. Normal days in a month may be assumed to be 30.

- 3 (a) Modern construction company undertook a contract LIA houses. The contract commenced on 1.4.2014 and the contract price was Rs. 50 lakhs cash received on account of contract on 31.3.2015 was Rs. 18 lakhs (90% of the work certified); work completed but not certified was estimated at Rs. 1,00,000. 7

As on 31.3.2015 material at site was estimated at Rs. 30,000 and machinery at site is to be depreciated at 5%. Wages outstanding on 31.3.2015 was Rs. 5,000. The following was ledger balance (Dr.) as per Trial Balance as on 31.3.2015.

	<i>Rs.</i>
Land and Building	15,00,000
Plant and Machinery at cost (60% sent to site)	25,00,000
Lorries and other vehicles	8,00,000
Furniture	50,000
Office equipment.....	10,000
Material site	14,00,000
Fuel and Power	1,25,000
Site Expenses	5,000
Postage and Telegrams	4,000
Office Expenses.....	8,000
Rates and taxes	15,000
Cash at Bank	1,33,000
Wages	2,50,000

Prepare contract account.

- (b) A company operates on historic job cost accounting system which is not integrated with financial accounts. At the beginning of a month, the opening balances in cost ledger were :

Rs. in Lakhs

Stores ledger control Account.....	80
Work-in-progress control account	20
Finished goods control account	430
Building construction account	10
Cost ledger control account	540

During the month, the following transactions took place :

Material :

Rs. in Lakhs

Purchased	40
Issued to production	50
Issued to general maintenance	06
Issued to building construction	04

Wages :

Gross wages paid	150
Indirect wages	40
For building construction	10

Works Overheads :

Actual amount incurred (excluding items shown above)	160
Absorbed in building construction	20
Under absorbed.....	08
Royalty Paid	05
Selling and administration overheads	25
Sales	450

At the end of the month the stock of new material and work in progress was Rs. 55 lakhs, and 25 lakhs respectively. The loss of arising in the Raw Material account is treated as factory overhead. the building under construction was completed during the month company gross profit margin Rs. 20% on sales.

Prepare control accounts in the cost ledger of company.

- 4 Answer the following : 12
- (1) Difference between job costing and process costing. 3
- (2) Explain the essentials of batch costing. 3
- (3) During a particular year, the auditor certified the 6
financial accounts, showing profit of Rs. 1,68,000 whereas the same as per costing books was coming out to be Rs. 2,40,000. Prepare reconciliation statement showing the reasons for the gap :

Trading and P & L Account

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
To Opening stock	8,20,000	By sales	34,65,000
To Purchases	24,72,000	By Cl. stock	7,50,000
To Direct wages	2,30,000		
To Factory overheads	2,10,000		
To Gross Profit c/d	4,83,000		
	42,15,000		42,15,000
To administrative expenses	95,000	By Gross Profit	4,83,000
To selling expenses	2,25,000	By Sundry income	50,000
To Net Profit	1,68,000		
	4,88,000		4,88,000

The cost records show :

- (a) Book value of closing stock Rs. 7,80,000
- (b) Factory overheads have been absorbed to the extent of Rs. 1,89,800.
- (c) Sundry income is not considered.
- (d) Administrative expenses are recovered at 3% of selling price.
- (e) Total absorption of direct wages Rs. 2,46,000.
- (f) Selling expenses are recovered at 5% of selling prices.
