

Seat No. : _____

AA-116

April-2016

FY. MBA Integrated

Fundamentals of Cost Accounting

Time : 3 Hours]

[Max. Marks : 100

1. (A) Define cost and costing. Also distinguish between Fixed cost and Variable cost. **10**
- (B) From the above stated information, prepare Stock register and find out value of inventory as on 31st March, 2016, for Star Ltd under : **10**
- (i) FIFO Method
- (ii) Weighted Average Method

Date	Particular	Quantity (Units)	Rate (₹)
01-March-2016	Opening Balance	600	20
03-March-2016	Issued	200	
08-March-2016	Received	800	21
16-March-2016	Issued	600	
20-March-2016	Returned from job (out of materials issued on 3 rd March)	40	
22-March-2016	Received	1200	19
26-March-2016	Issued	300	

2. (A) (1) State the main functions of various departments involved in the control of Labour cost. **5**
- (2) Standard time allowed for a job is 800 hours. The hour rate of wage is ₹ 10 per hour. The actual time taken by the worker was 700 hours. **5**

Calculate total earnings of worker under :

- (1) Time Wage System
- (2) Piece Wage System
- (3) Halsey Plan
- (4) Halsey Weir Plan
- (5) Rowan Plan

- (B) From the following information, work out the overhead absorption rate using simultaneous equation method and calculate cost of a product having cost of material ₹ 32 and cost of direct labour ₹ 21 per unit and requiring 2, 3 and 1 hours in department A, B and C respectively.

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Particulars	Production departments			Service departments	
	A	B	C	M	N
Total Overheads	16965	19575	12060	11250	9150
No. of hours	5000	4000	3000		
Distribution of Service Department Cost					
M	30%	40%	20%	–	10%
N	15%	25%	40%	20%	–

3. Answer any **two** from A, B and C below :

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- (A) A Ltd. has produced and sold 50,000 units. The details are as under :

Particulars	₹
Direct Materials	5,00,000
Direct Wages	2,00,000
Factory Overhead (variable)	50,000
Administrative Overhead (Fixed)	1,00,000
Selling and distribution Overhead (60% fixed)	2,00,000
Sales	15,00,000

Estimation for the next year 2016 :

- The output for the next year : 1,00,000 units
- Estimated sales : 1,00,000 units

- Cost of Direct Material per unit will increase by 10%
- Administrative overhead will increase by ₹ 10,000.
- Variable selling expense will increase by 40%.
- The selling price will be ₹ 35 per unit.

You asked to prepare

- (1) Cost sheet showing total as well as per unit cost and profit for the year 2015.
- (2) Estimated Cost Sheet showing estimated costs and profit for the year 2016.

(B) The following information regarding Job J and Job K of Moon Ltd. is received.

Particulars	Job J (₹)	Job K (₹)
Direct Material	4,500	7,500
Direct Wages	6,000	9,000
Direct Expenses	4,500	6,000

Additional Information :

- Works overhead is recovered at 100% on Direct Wages.
- Administrative overhead is recovered at 40% on Works cost.
- Selling and distribution overhead is recovered at 10% on Cost of Production.

You are asked to calculate the cost of each job, using the above stated information of Moon Ltd. and also estimate the percentage of profit earned, if the Sales value of Job J and Job K quoted were ₹ 34,650 and ₹ 59,400 respectively.

- (C) A construction company undertook a contract of constructing a building for ₹ 120 lakhs. The work commenced on 1-4-2014. Cash received on account of the contract up to 31-3-2015 was ₹ 36 lakhs being 90% of work certified. Work completed but no certified was estimated at ₹ 2,00,000. Machinery costing ₹ 4,00,000 was returned to stores. As on 31-3-2015, material at site was estimated at ₹ 60,000 and wages outstanding were ₹ 10,000. Plant and Machinery at site is to be depreciated at 5%.

The following information is available as on 31-3-2015

	₹
Plant and Machinery sent	30,00,000
Materials sent	28,00,000
Fuel cost	2,50,000
Site Expenses	10,000
Office Expenses	24,000
Wages paid	5,00,000
Other expenses	30,000

From the above information, prepare Contract Account for the year ending on 31-3-2015.

4. Answer any **two** from **A, B** and **C** below :

20

- (A) A product passes through three different processes. In March, 2016 the cost of production was as under :

Units introduced : 1,000 units at ₹ 3 per unit

Particulars	Process 1 (₹)	Process 2 (₹)	Process 3 (₹)
Direct Material	2,000	1,000	2,000
Direct labour	3,000	5,980	5,000
Factory overhead	1,600	1,000	3,962

Additional information :

Particulars	Process 1	Process 2	Process 3
Actual production (output)	950 units	840 units	750 units
Normal loss	5%	10	15%
Selling price of Normal loss	₹ 2 per unit	₹ 4 per unit	₹ 5 per unit

There is no work-in-progress. Prepare Process 1 Account, Process 2 Account, Process 3 Account and other necessary accounts. (Show all your workings as part of your answer).

(B) (i) Distinguish between Job costing and Process costing.

(ii) Write a note on Operating Costing.

(C) Mr. A has taken a contract to run a tourist car on a 20 km. long route for the chief executive of a multinational firm. He buys a car costing ₹ 1,50,000. The annual cost of insurance and taxes are ₹ 4,500 and ₹ 900 respectively. He has to pay ₹ 500 per month for a garage where he keeps the car when it is not in use. The annual repair costs are estimated at ₹ 4,000. The car is estimated to have a life of 10 years, at the end of which the scrap value is likely to be ₹ 50,000. He hires a driver who is to be paid ₹ 300 per month plus 10% of the takings as commission. Other incidental expenses are estimated at ₹ 200 per month. Petrol and oil will cost ₹ 100 per 100 kms. The car will make 4 round trips each day. Assuming that a profit of 15% on takings is desired and that the car will be on the road for 25 days on an average per month, what should he charge per round-up ?

Particulars	Dr. Balance (₹)	Cr. Balance (₹)
Stores Ledger Control A/c	20,000	—
Work-in-Progress Ledger Control A/c	10,000	—
Finished Goods Ledger Control A/c	6,000	—
General Ledger Control A/c	—	36,000
	36,000	36,000

5. The following transactions took place during the year ended 31st March, 2016. **20**

Particulars	₹
Purchase of Materials	1,40,000
Materials returned to supplier	4,000
Purchase of Material for special job directly	4,800
Material issued to production/job	1,28,000
Indirect Material	6,400
Abnormal Loss of Material	800
Direct Wages	76,000
Indirect Wages	18,800
Wages of Abnormal idle time	1,600
Wages paid	96,400
Factory overhead paid	20,000
Administrative overhead paid	16,000
Selling and Distribution overhead paid	12,000
Factory overhead recovered	48,000
Administrative overhead recovered	28,000
Selling and Distribution overhead recovered	6,000
Cost of finished goods	2,00,000
Cost of goods sold	2,20,000
Sales	3,60,000

You are required to :

- (1) Prepare necessary accounts in the cost ledger of the company.
- (2) Prepare Trial Balance as on 31st March, 2016.

OR

(A) Explain the reasons for the differences in the profit shown by Financial Accounts and Cost Accounts in detail. **10**

(B) You are required to pass journal entries for the following transactions under Integral Accounting with narration : **10**

		₹
i.	Purchase of Materials	1,20,000
ii.	Purchase expenses paid	6,000
iii.	Material issued to production/job	80,000
iv.	Material returned to stores	2,000
v.	Factory overhead paid	40,000
vi.	Administrative overhead paid	20,000
vii.	Factory overhead absorbed	30,000
viii.	Administrative overhead recovered	30,000
ix.	Cost of finished goods	1,40,000
x.	Cost of goods sold	1,80,000

