

Seat No. : _____

XU-118

April-2013

Five Years M.B.A. Integrated (K.S.)

F.Y. MBA

Fundamental of Cost Accounting

Time : 3 Hours]

[Max. Marks : 100

1. (A) What do you understand by Cost Accounting ? Explain advantages & disadvantages of Cost Accounting. **10**
- (B) The following is the record of receipts and issues of a certain material in the factory during March 2013. **7**

2013

March

- | | |
|----|--|
| 1 | Opening Balance 100 units at ₹ 10 each |
| 1 | Received 200 units at ₹ 10.50 each |
| 2 | Received 300 units at ₹ 10.60 each |
| 4 | Issued 400 units to Job-A |
| 6 | Issued 120 units to Job-B |
| 7 | Received 400 units at ₹ 11 each |
| 10 | Issued 200 units to Job-C |
| 12 | Received 300 units at ₹ 11.40 each |
| 13 | Received 200 units at ₹ 11.50 each |
| 15 | Issued 400 units to Job-D |

Prepare Stock Register, assuming that issues are priced on LIFO method.

- (C) Write a short note on : **3**
- Economic Order Quantity

2. From Avirat Company, the following particulars have been extracted for the year ended on 31-3-2013 :

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Particulars	Production Department			Service Department	
	A	B	C	X	Y
Direct Materials (₹)	37,500	75,000	75,000	56,250	56,250
Direct Wages (₹)	75,000	1,12,500	1,50,000	37,500	75,000
Staff members	3,750	5,625	5,625	1,875	1,875
Assets value (₹)	1,50,000	1,00,000	75,000	25,000	25,000
Electricity (kWh)	15,000	11,250	7,500	3,750	3,750
Light points	25	40	10	15	10
Area (Square meter)	375	625	125	125	125

The expenses for the period were as follows :

Power	–	2750
Lighting	–	500
Stores overhead	–	2,000
Welfare to staff	–	7,500
Depreciation	–	75,000
Repairs	–	15,000
General Overhead	–	30,000
Rent & Taxes	–	1,375

The Service Department expenses are allotted on a percentage basis as follows :

	Production Department			Service Department	
	A	B	C	X	Y
Service Department X	30%	40%	15%	–	15%
Service Department Y	40%	30%	25%	5%	–

From the above information, prepare a statement showing :

- Distribution of overhead to various departments.
- Distribution of expenses of service department to production department using Repeated Distribution method.

OR

2. (1) What do you understand by Labour Turnover ? Explain various methods for computation of Labour Turnover **10**
- (2) What do you understand by Absorption or recovery of overhead ? Explain various methods available for absorption of factory overhead. **10**
3. Sayona Construction Company Limited undertook two contracts on 1-01-2012. On 31-12-2012, while preparing Final Accounts, the position was as follows : **20**

Particulars	Contract – A	Contract – B
	₹	₹
Contract Price	12,00,000	10,00,000
Material Issued	3,20,000	4,00,000
Material Returned to store	8,000	–
Materials on site (as on 31-12-2012)	44,000	–
Wages paid	3,00,000	2,40,000
Direct Expenses	1,32,000	70,000
Overhead allocable to contract	50,000	66,000
Plant Issued (1-1-12)	1,60,000	1,40,000
Plant destroyed by fire (at cost) (On 30-06-2012)	–	2,000
Value of work Certified	8,40,000	10,00,000
Value of work Uncertified	46,000	–
Cash Received	7,56,000	10,00,000

Additional Information :

- (1) Materials of ₹ 18,000 have been transferred during the year from Contract A to Contract B.
- (2) A certificate of completion was obtained in respect of Contract-B, on 30-09-2012. The plant lying on site, of Contract-B on 30-09-12, was returned to stores & also materials of the value of ₹ 4,000, which was lying unused at site, at the end of the Contract-B were returned to stores.

(3) Provide for the depreciation on plant at 20% p.a. as per straight line method.

Prepare two Contract Accounts, showing profit or loss on each contract, for the year 2012 & show the amount to be transferred to profit & loss Account of the year.

OR

Following information of Shreeji limited is available for the year ended of 31-3-2013.

Prepare Cost Sheet :

	₹
Stock of finished goods (1-4-12)	1,02,800
Stock of finished goods (31-3-2013)	86,000
Purchase of Raw materials	4,00,000
Depreciation on Machinery	17,000
Depreciation on Furniture	10,420
Factory rent	15,960
Direct wages	2,40,000
Sales	10,08,000
Indirect labour	2,500
Office salary	32,960
Carriage Inward	4,000
Carriage Outward	2,900
Power	5,340
Advertisement Expenses	15,000
Packing Expenses	7,000
Office Rent	9,040
Manager's salary	12,000
(For factory 80% & for office 20%)	
Office stationary	13,980
Expenses for delivery van	15,100
Opening stock of Raw materials	40,000
Closing stock of Raw materials	32,000

Find out the following percentage after preparing cost sheet :

- (1) Percentage of factory overheads with direct labour.
- (2) Percentage of office overheads with factory cost.
- (3) Percentage of selling & distribution overhead with production cost of Goods sold.

In addition, it comes to knowledge that Shreeji Ltd. will receive an order for manufacturing special machine. For this special order, material is estimated ₹ 80,000 & expenses for labour will be ₹ 16,000. Company desire to earn profit at 16.67% on selling price.

Prepare estimated Cost Sheet or Tender Sheet & decide the selling price.

4. (A) Product 'Z' is obtained after it passes through three distinct processes. The following information is obtained for the month of December, 2012 : 14

Particulars	Process		
	I	II	III
Direct Materials (₹)	2,600	1,980	2,962
Direct Wages (₹)	2,000	3,000	4,000

Production overhead of ₹ 9,000 are recovered on the basis of direct wages.

1000 units @ ₹ 3 each were introduced to process I. The following additional information is available.

Process	Output during the month (Units)	% of normal loss to input	Value of scap per unit
I	950	5%	₹ 2
II	840	10%	₹ 4
III	750	15%	₹ 5

Prepare Process I Account, Process II Account, Process III Account, Normal loss Account & Abnormal gain/loss Account.

- (B) What is operating costing ? State the industries to which it is applicable. 6

OR

From the following data, compute the cost per running kilometer :

Cost of vehicle	30,000
Road licence (Annual)	1,000
Driver's wages per month	400
Garage rent (Annual)	1,200
Cost of petrol (per litre)	6
(Per litre 10 kilometres)	
Tyre & maintenance expenses per kilometer	₹ 0.50
Estimated life	1,50,000 kms
Estimated kilometer (per annum)	6,000
Insurance (Annual)	₹ 200

5. The following balances were extracted from the books of Supreme Manufacturing Company as on 31-12-2012 :

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(₹)

Particulars	Debit	Credit
Stores ledger control A/c	70,000	–
Work in progress control A/c	76,000	–
Finished goods control A/c	50,000	–
General ledger control A/c	–	1,96,000
	1,96,000	1,96,000

The following transactions took place during the year :

₹

Raw materials

Purchases	1,90,000
Returned to suppliers	6,000
Issued to production	1,96,000
Returned to stores	6,000
Productive wages	80,000
Indirect labour	50,000
Factory overhead expenses incurred	1,00,000
Selling expenses	40,000
Administrative expenses	40,000
Cost of finished goods transferred to warehouse	4,26,000
Cost of goods sold	4,20,000
Sales	6,00,000
Penalty	5,000
Income tax paid	4,300

Factory overhead are absorbed to production at 150% of direct wages.

Prepare necessary accounts under non-integrated book keeping also prepare trial balance at the end of the year.

OR

