

Seat No. : _____

MT-132

March-2019

First Year, M.B.A., Integrated Sem.-II
(Fundamentals of Cost Accounting)

Time : 2:30 Hours]

[Max. Marks : 70

Instruction : Show necessary calculations as the part of your answer.

1. (A) What is Cost Accounting ? Discuss how cost Accounting is useful. 7
(B) The following is a summary of receipts and issues of Material A : 7
2019 March
1 Opening stock 400 units, per unit ₹ 5
3 Issued to 'X' Department 100 units
8 Receipts 700 units, per unit ₹ 6
11 Issued to 'Y' Department 40 units
14 Received back from 'X' Department 40 units
16 Returned to vendor 60 units
(out of those received of 8th March)
20 Receipts 300 units, per unit ₹ 7
25 Issued to 'Y' Department 440 units
30 Receipts 240 units, per unit ₹ 6.5
Prepare Stock Ledger of Material 'A' assuming that the issues are priced by weighted average method.
2. (A) Mr. Hiren takes 80% of standard time to complete a job. For it, he gets ₹ 10 more under Halsey plan than time wages system. ₹ 10 is per hour rate of wages. Find out total wages and effective rate of wages as per Rowan plan. 10
(B) From the following information of a factory, find out the amount of net wages payable in cash for March, 2019 4
 - (1) Salary per month: ₹ 50,000
 - (2) D.A. : 100% of salary
 - (3) Total amount deposited to P.F. : ₹ 10,000
 - (4) Total amount deposited to ESI : ₹ 12,000
 - (5) Expenses on amenities to employees : ₹ 5,000
 - (6) House rent token amount received from 25 employees at the rate of ₹ 200 per month.Employer's contribution to P.F. is at equal rate with employee's contribution. While the ratio of employer's and employee's share into the contribution to ESI is 2 : 1.

OR

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P.T.O.

Nick Ltd. has three production departments X, Y and Z and two service departments A and B.

The following estimated figures for a certain period have been made available :

Particulars	₹
Rent and rates	10,000
Lighting and electricity	1,200
Indirect wages	3,000
Power	3,000
Depreciation of machinery	20,000
Sundry expenses	20,000

Following are further details which are also available :

	Total	X	Y	Z	A	B
Floor space (Sq. mtr.)	10,000	2,000	2,500	3,000	2,000	500
Light points (Nos.)	120	20	30	40	20	10
Direct wages (₹)	20,000	6,000	4,000	6,000	3,000	1,000
Power (₹)	3,000	1,606	520	874	—	—
Cost of Machinery (₹)	1,00,000	24,000	32,000	40,000	2,000	2,000
Working hours	—	4,670	3,020	3,050	—	—

The expenses of service departments A and B are to be allocated as follows:

		X	Y	Z	A	B
A	%	20	30	40	—	10
B	%	40	20	30	10	—

Required :

- (1) Prepare statement of distribution of overheads to various departments.
- (2) Prepare statement of distribution of expenses of service departments to production departments. (Use **Simultaneous Equation Method**)

3. (A) Discuss the types of contract. 10
- (B) Explain how Job Costing is different from Batch Costing. 4

OR

From the following particulars, prepare a Cost Sheet and Calculate cost per unit for the period ended 31st March, 2019 :

Total output : 15,000 units

Particulars	₹	Particulars	₹
Raw materials	33,000	Rent and taxes-office	500
Productive wages	35,000	Water supply	1,200
Unproductive wages	10,500	Factory insurance	1,100
Factory rent and taxes	7,500	Office insurance	500
Factory lighting	2,200	Legal expenses	400
Factory heating	4,500	Direct expenses	3,000
Motor power	4,400	Rent of warehouse	300
Directors fees-works	1,000	Dep on Plant	2,000
Director fees-office	2,000	Dep on Office building	1,000
Factory cleaning	500	Dep on Delivery vans	200
Sundry office expenses	200	Bad debts	100
Factory stationary	750	Advertising	300
Office stationary	900	Sales Department salary	1,500
Loose tools written off	600	Upkeep of Delivery van	700
		Bank charges	50
		Commission on sales	1,500

4. A product passes through three different processes to completion. In March, 2019, the cost of production was as given below :

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	Process I (₹)	Process II (₹)	Process III (₹)
Other Direct Material	2,000	3,020	3,462
Direct wages	3,500	4,226	5,000
Production overheads	1,500	2,000	2,500

1,000 units of materials were introduced in process I at ₹ 5 each.

	Process I	Process II	Process III
Normal wastage (of the units introduced)	10%	5%	10%
Sale price of wastage (per unit)	₹ 3	₹ 5	₹ 6
Actual production (units)	920	870	800

There is no unfinished WTP.

Prepare necessary Process Accounts and Abnormal Loss Account and Abnormal Gain Account.

OR

Drake Transport Co. supplies the following information in respect of Truck of 5 ton capacity :

Cost of truck	₹ 32,00,000
Estimated life	12 years
Scrap value	8%
Diesel, Oil, etc.	₹ 1,000 per trip each way
Repairs and maintenance	₹ 10,000 per month
Driver's salary	₹ 15,000 per month
Cleaner's salary	₹ 10,000 per month
Insurance	₹ 90,000 per year
Taxes	₹ 48,000 per year
Share of general exps.	₹ 36,000 per year

The truck carries from one city to another city covering a distance of 100 km each way. Daily 2 round trips are undertaken and the truck runs 25 days a month. On outward trip freight is available to the extent of full capacity and on return trip 50% of the capacity. Work out operating cost per ton kilometre.

5. Attempt any **two** : (7 marks each) 14

(A) From the following information, you are required to pass journal entries under the system of Integrated Accounts :

₹

1. Wages paid during the year	
Direct	1,00,000
Indirect	10,000
	1,10,000
2. Purchase of materials (credit)	2,00,000
3. Materials issued to production	1,50,000
4. Materials issued for factory maintenance	5,000
5. Works overheads paid by cheque	70,000
6. Depreciation of Machinery	2,000
7. Prepaid rent (included in factory overheads)	600

(B) From the following information, you are required to pass journal entries under the system of Cost Book- keeping :

₹

1. Purchase of materials	3,00,000
2. Materials purchased for special job directly	50,000
3. Carriage inwards	30,000
4. Factory expenses paid	20,000
5. Factory expenses allocated to production	15,000
6. Cost of sales	5,00,000
7. Sales	6,00,000

(C) Discuss the reasons for the disagreement between the profits as shown by Cost Accounts and that shown by Financial Accounts.