



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
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ASSIGNMENT PAPER 2023

B.COM SEM - 4

SUBJECT: COST ACCOUNTING - 2

MARKS: 70

A Product passes through three different processes viz. A, B and C and thereafter it is transferred to finished stock. The information is as under: [20]

Particulars	Process - A	Process - B	Process – C
(i) Units introduced (per unit Rs. 15)	?	-	-
(ii) Actual production (number of units)	11,500	?	?
(iii) Normal wastage (Percentage of input)	2.5%	8%	10%
(iv) Sale value of wastage (Per 25 units)	Rs. 20	Rs. 50	Rs. 75
(v) Abnormal wastage (no. of units, cost per unit Rs.25)	200	-	-
(vi) Abnormal gain (no. of units, Cost per unit Rs. 40)	-	-	200
(vii) Normal Cost of normal output (Per unit in Rs.)	-	35	-

Additional Information:

- Factory overheads to be distributed as 100% of direct wages in all three processes.
- The abnormal wastage was $\frac{2}{3}$ of the normal wastage in process A. Prepare A, B and C Process Accounts and also prepare Abnormal Loss Account and Abnormal Gain Account.

OR

Q.1 The following details are available from the books of Dipali Manufacturing Co. Ltd. Regarding the two processes of their factory: [20]

Particulars	Process – 1	Process – 2
Raw Materials	2,000 units at Rs. 60 per unit	-
Wages	Rs. 58,000	Rs. 89,000
Factory Expenses	70% of wages	80% of wages
Other Expenses	Rs. 4,600	Rs. 2,500
Wastages (unsaleable)	140 units	120 units
By-Products	200 units	240 units
Sale of by-products	Cost plus 20%	Sold at price so as to Realize 20% profit on sale

Prepare process Accounts and By-Products Account.

Q. 2 Shilpa Obtained a contract to build a building the price being 20,00,000. Work was started on 1st April, 2013 and the Following expenditures were incurred: [20]

	Rs.
Material	4,60,000



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Wages	2,25,000
Misc. Exp.	26,500
Plant	1,00,000
Salary	58,500

Some material was unsuitable at the site and was sold for 72,500 (cost price 60,000) A portion of plant was scrapped and disposed at 11,500. The value of material at site on 31st march 2014 was 17,000 and of plant 31,000. Cash received on account was 7,00,000 representing 80% of the work certified.

The Work uncertified was valued 1,09,500 and this was certified later for 1,25,000. Shilpa decided to estimate the further expenditure would be incurred in completing the contract to compute for this estimate and the expenditure already incurred. The total profit that would be made on the contract and to take to credit of p&L A/c. the year 2013-14 that portion of the total which corresponded to the work certified on 31-3-2014.

Her Estimate reveals that contract would be completed after a nine month till then wages likely to be incurred 3,57,500. The cost of material required in addition to these in stock would be 3,43,000 and that further plant of 1,55,000 would be required, which would be valued lastly cost of 15,000 the salary would be same on monthly basis as in the proceeding year. Lastly 2^{1/2} % the total cost of contract should be kept as reserve for contingencies.

Prepare Contract Account for the year ended on 31-3-2014 and also show calculation of the amount credited to profit and loss account for the year.

OR

Q. 2 Kiran Construction Company Under the construction of a building at a contract price of Rs. 7,50,000. He started his contract on 1/4/2013 and 80% work is completed on 31/3/2014. He received Rs. 3,93,750 which is 75% of certified work. From the following details prepare Contract account for the year ended 31st March 2014. [20]

Particulars	Rs.
Material issued to contract	2,10,000
General plant issued to contract (1/4/2013)	37,500
Specified plant issued to contract (1/7/2013)	18,750
Wages	1,53,750
Direct Expenses	60,000
Indirect Expenses	26,250
Material at Site (31/3/2014)	7,500

Other Detail :-

- (1) Material Rs.1,875 specific plant Rs. 3,750 and general plant Rs. 7,500 were stole from the site on 1/10/2013.
- (2) Depreciation will be charged at 10% on general plant and 20% on specific plant .
Kiran Co. Takes profit and loss account as per 2/3 cash basis.



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Q. 3 ABC Ltd. Is mfg. Co. Having three production department A,B,C and two Services department X and Y. [15]

The Details of them are as under

Particular	Total	A	B	C	X	Y
Direct material	-	1000	2000	4000	2000	1000
Direct wages	-	5000	2000	8000	1000	2000
Factory Rent	4000	-	-	-	-	-
Power	2500	-	-	-	-	-
Depreciation	1000	-	-	-	-	-
Other Expenses	9000	-	-	-	-	-

Additional information :

Particular	A	B	C	X	Y
Aquired Area (sq. ft.)	500	250	500	250	500
Capitla Value Assets (in Lakhs)	20	40	20	10	10
Machine Hours	1000	2000	4000	1000	1000
Horse power of machine	50	40	20	15	25

The apportionment of expenses of service department is as under :

Particular	A	B	C	X	Y
Service Department X	45%	15%	30%	-	10%
Service Department Y	65%	35%	-	-	-

You are required

- (1) Prepare a statement showing distribution of over head to various dept.
- (2) Prepare a statement showing Re-Distribution of service dept. Expenses to prod. Department.
- (3) Machine hour rate of the prod. Dept. A,B,C.

OR

Q. 3 Kajal Mfg. Co. Ltd. Has two production department A and B And three Service Department X, Y, and Z. the following figure for the year ended on 31-3-2015 are as under . [15]

Over head Expenses :

Particulars	Rs.	Particulars	Rs.
Rent and rates	68000	Lighting	32000
General expenses (relating to production depart.)	30000	Store overhead	16000
Depreciation on machineries	80000	Insurance of machine	40000
		Indirect wages	20000

Other Information :

Particulars	Total (Rs.)	Prod. Dept.		Service Dept.		
		A	B	X	Y	Z
Direct Material	80000	50000	30000	-	-	-
Indirect Material	26600	10000	6000	5000	3100	2500



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Direct Wages	100000	60000	40000	-	-	-
Cost of Machineries	400000	200000	150000	10000	25000	15000
Power expenses						
Light point	90000	50000	30000	-	-	10000
Area occupied (in sq. mts)	400	200	100	50	25	25
	1700	600	500	300	200	100

The expenses of service department are be allocated as follow :

Particulars	To. Dept. A	To Dept. B	To Dept. Y	To Dept. Z
Dept. X	30%	20%	20%	30%
Dept. Y	50%	30%	-	20%
Dept. Z	60%	40%	-	-

Prepare :

- (1) Statement of distribution of overhead to various department.
- (2) Statement of distribution of expenses of service department to production department.

Q.4 The following information is received for Job No. 139 of A company Ltd.: [15]

Materials Rs. 3,415

Wages:

Department I 80 hours at Rs. 2.50 per hour

Department II 60 hours at Rs. 4.00 per hour

Overhead expenses were estimated as follows:

Variable overheads :

Department I Rs. 5,000 for 4,000 direct labour hours

Department II Rs. 6,000 for 3,000 direct labour hours

Fixed overheads: Estimated at Rs. 7,500 for 10,000 hours.

You are required to calculate the cost of Job No. 139 and estimate the percentage of profit if the selling price quoted was Rs. 4,750.

OR

Q.4 Leo Limited undertakes to supply 1,000 units of a component per month for the months of January, February and March. Every month a batch order is opened against which materials and labour cost are booked at actual. Overheads are levied at a rate per labour hour. The selling price is contracted at Rs. 15 per unit. [15]

From the following data, present the cost and profit per unit of each batch order and the overall position of the order for the 3,000 units.

Month	BatchOutput (Nos.)	Material Cost Rs.	Labour Cost Rs.
January	1,250	6,250	2,500



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February	1,500	9,000	3,000
March	1,000	5,000	2,000

Lobour is paid at the rate of Rs. 2 per hour. The other details are:

Month	Overheards Rs.	Total Labour Hours
January	12,000	4,000
February	9,000	4,500
March	15,000	5,000

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