

Seat No. : \_\_\_\_\_

# SC-118

September-2020

Integrated BBA LL.B., Sem.-II

ILBBA-109 : Cost Accounting

Time : 2 Hours]

[Max. Marks : 60

- Instructions :** (1) All questions carry equal marks.  
(2) Answer any **three** from the following.

1. Give detailed explanation about Elements & Components of Cost. Draw a chart showing all the elements and heads of Cost. 20
  
2. (a) Define Cost Accounting. What are the advantages & limitations of Cost Accounting? 12  
(b) What do you mean by Cost Audit ? Which are the Objects of Cost Audit ? Explain the scope of the Cost Audit. 8
  
3. (a) A firm manufactured and sold 1000 Computers in the year 2019. The summarized Trading and Profit & Loss Account for the year 2019 is as under : 12

<b>Dr.</b>		<b>Cr.</b>	
Particulars	Amount ₹	Particulars	Amount ₹
Cost of Materials	1,60,000	Sales	8,00,000
Direct Wages	2,40,000		
Manufacturing Charges	1,00,000		
Gross Profit	3,00,000		
<b>Total :</b>	<b>8,00,000</b>	<b>Total :</b>	<b>8,00,000</b>
Management & Staff Salaries	1,20,000		
Rent	20,000		
General Expenses	40,000		
Selling Expenses	60,000		
Net Profit	60,000		
<b>Total :</b>	<b>3,00,000</b>	<b>Total :</b>	<b>3,00,000</b>

For the year 2020 it is estimated that :

- (1) The production and sales will be 1200 computers.
- (2) Price of materials will rise by 20%.
- (3) Wages rates shall rise by 5%.
- (4) Manufacturing charges will increase in proportion to the combined cost of materials and wages.
- (5) Selling expenses per unit will remain unchanged.
- (6) Other expenses will remain unaffected by the rise in the production.

Prepare a statement showing the price at which computers to be manufactured in 2020 and what price it should be sold to show a profit of 10% on selling price.

(b) Explain in brief : (any **two**)

**8**

- (1) Work in Progress
- (2) Tender Price
- (3) Sunk Cost

4. (a) M/s. JASK PAPPAYA Pvt. Ltd. has manufactured & sold 800 bottles of Female Perfume named as "Istanbul" in the year 2019.

**12**

The details are as under :

<b>Particulars</b>	<b>Amount</b> ₹
Cost of Fragrances (Materials)	40,000
Empty Bottles (Materials)	24,000
Direct Wages	96,000
Manufacturing Expenses	40,000
Office Salaries	48,000
Rent & Taxes	8,000
General Expenses	24,000
Selling Expenses	16,000
Sales	3,20,000

For the year 2020 it is estimated that :

- (1) The company will manufacture and sell 1000 Bottles of Istanbul.
- (2) The price of materials would increase by 25% on the previous year level.
- (3) Wages will rise by 12.5%.
- (4) Manufacturing expenses will be 25% of Prime Cost.
- (5) Other expenses will remain unaffected by the rise in the output.
- (6) Selling Expenses per unit (per Bottle) shall remain unaffected by the rise in the output.

Prepare :

- (1) A Cost Sheet for the year 2019 showing cost per Bottle & Total Cost.
- (2) An Estimated Cost Sheet for the year 2020 showing cost per Bottle and Total Cost. Also, at what estimated price the company shall sell its perfume bottles if profit is 12% on selling price is to be estimate ?

- (b) State the income & expenses items included only in Financial Accounts & not in Cost Accounts. 8

5. Following is the information of the Cost Accounts of Mehta Ltd. 20

Particulars	Amount
Direct Materials	₹ 180 per unit
Direct Wages	₹ 100 per unit
Factory Overheads	60% of Direct wages
Office Overheads	₹ 40 per unit
Selling Overheads	₹ 30 per unit

In Cost Accounts, materials & labour are charged at actual cost (same as financial books). The opening stock of finished goods in cost accounts is taken as per the valuation in financial books. While the closing stock is to be valued cost of production.

Following is the Profit & Loss Account of the company :

<b>Particulars</b>	<b>Amount</b> ₹	<b>Particulars</b>	<b>Amount</b> ₹
Opening Stock of Finished Goods (200 units)	76,000	Sales	8,00,000
Material expenses	2,70,000	Closing Stock of Finished Goods (100 Units)	35,000
Wages	1,50,000	Interest & Dividend	5,000
Factory expenses	1,00,000		
Office expenses	55,000		
Selling expenses	45,000		
Preliminary expenses written off	14,000		
Net Profit	1,30,000		
<b>Total :</b>	<b>8,40,000</b>	<b>Total :</b>	<b>8,40,000</b>

Prepare :

- (1) Cost Statement
- (2) Reconciliation Statement

6. (a) Explain in detail – General Ledger Adjustment Account. 8
- (b) The following information is given by the Moon & Sun Manufacturing Company for the month of April 2020. 12

<b>Particulars</b>	<b>Amount</b> ₹
Credit Purchase of Stores	28,00,000
Wages Paid	26,00,000
Productive Wages	24,00,000
Stores issued to Production Department	27,00,000
Works Expenses Paid	3,20,000
Works Expenses charged to Production	3,22,000
Administration Expenses paid	1,04,000
Administration Expenses charged to Finished Goods	1,00,000
Unproductive Wages	1,00,000
Finished Goods transferred from Production Department	14,00,000