Seat No. : __________

MU-106

March-2019

B.B.A., Sem.-II

CC-109 : Cost Accounting – 2

Time : 2:30 Hours] **[Max. Marks : 70**

Instructions : (1) Figure to the right indicate marks.
(2) Show calculation as a part of answer.

1. (A) State the difference between Cost Accounting and Financial Accounting. **14**

OR

(i) Discuss the advantages of Cost Accounting. **7**
(ii) Write short note on Costing Techniques. **7**

(B) Do as directed : (any **four**) **4**
(1) In Chemical industry _________ Method is used. (Job Costing/Process Costing)
(2) In Printing _________ Method is used. (Job Costing/Operating Costing)
(3) Cost unit of dairy industry is _________. (Per barrel/per liter)
(4) Define Batch costing.
(5) Define sunk cost.
(6) Define Marginal Cost.

2. (A) Excel Ltd. produced and sold 10,000 units of clocks at its 50% production capacity. The details are as under for the year ended 31-03-2018. is ₹ 500. **14**

Particulars	**₹**
Materials	10,00,000
Direct wages	5,00,000
Direct Expenses	2,00,000
Factory overheads (40% variable)	10,00,000
Office overheads (fixed)	8,00,000
Selling overheads (30% variable)	5,00,000
Sales	50,00,000

For the year 2018-19 it is estimated that
(1) Production will be at full capacity and 60% of production will be sold.
(2) Price of Materials per unit will go up by 25%.
(3) Labour rate per unit will increase by 10%.
(4) Factory Expenses will increase by 10% in variable and fixed expenses.
(5) Office overheads will increase upto ₹ 9,60,000.
(6) Variable Selling expenses per unit will go up by ₹ 4.
(7) Fixed selling expenses will go up by ₹ 82,000.
The percentage of profit on cost is to be maintained according to previous year.
From the above information, prepare the following statements:
(1) A cost statement for the year 2017-18.
(2) A statement of cost showing estimated profit for the year 2018-19.

OR

(i) From the following particulars of Apurva Ltd., prepare a cost sheet showing cost for the year ending on 31-12-2018. Sales : ₹ 2,20,000 : **7**

Particulars	₹	Particulars	₹
Advertising	4,000	Office expenses	3,000
Direct Material	55,000	Office Stationery	3,000
Director's fees	15,000	Oil and Water	8,000
Distribution overhead	1,500	Direct expenses	20,000
Electric power	12,000	Selling overhead	4,500
Experiment expenses	2,000	Telephone charges	1,000
Factory Insurance	7,500	Travelling Expenses	2,000
Indirect wages	5,000	Warehouse charges	3,000
Manufacturing wages	45,000	Wastage of materials	1,000

(ii) Write short note on tender price. **7**

(B) Do as directed : (Any **four**) **4**

(1) Closing Stock can be found with help of _________.
(Production Unit / Selling Unit)

(2) Prime Cost + Factory O/H + Office O/H – Opening Stock + Closing Sock + Selling O/H = Total Cost. (True / False)

(3) Carriage outward will be included in
(a) Labour overheads (b) Factory overheads
(c) Office overheads (d) Selling overheads

(4) In Cost Sheet, fixed assets are shown as :
(a) Factory overhead (b) Administrative overhead
(c) Direct expenses (d) None of the above

(5) In Cost Sheet, legal expenses is shown as :
(a) Factory overhead (b) Administrative overhead
(c) Direct expenses (d) Distribution overhead

(6) Cost of sales is ₹ 3,60,000. Amount of profit is ₹ 40,000. State the percentage of profit on sales.
(a) 11% (b) 10%
(c) 12% (d) 9%

3. (A) Profit & Loss Account for Iron Ltd. for the year ended 31st March 2018 : **14**

Particular	₹	Particular	₹
Opening Stock (2000) Units	1,17,000	Sales (31,000 Units)	48,82,500
Direct Material	18,00,000	Closing Stock (1000 Units)	90,000
Direct Labour	10,35,000	Interest Income	26,500
Factory Overheads	6,52,500	Rent Received	35,000
Office Overheads	7,20,000	Discount Received	16,000
Selling Overheads	3,82,500		
Interest Paid	31,500		
Discount on debenture	41,500		
Provision for Tax	45,000		
Net Profit	2,25,000		
	50,50,000		**50,50,000**

The Cost Accounts revel

(1) Direct material and Labour are charged on actual basis on cost account.

(2) Factory overheads are recovered at 60% of direct labour.

(3) Office overheads are 25% on factory cost.

(4) Selling expenses are recovered at ₹ 8 per unit.

(5) Opening stock is valued at ₹ 52 per unit in cost account.

(6) Closing stock consist of unit produced during the year.

Prepare :

(1) Statement of cost.

(2) Reconciliation statement of net profit as per cost and financial account.

OR

(i) Pintoo Manufacturing Co. provides following information for year 2018 : **7**

Profit as per Financial Account is ₹ 77,500 and profit as per Cost Account is 95,000. Prepare a Reconciliation statement and find out profit as per Cost Account

		₹
(1)	Under absorption of office expenses in Cost Accounts	28,000
(2)	Goodwill written off debited in Financial Accounts	9,000
(3)	Under absorption of Factory expenses in Financial Account	8,000
(4)	Interest on Investment received	4,500
(5)	Provision for Income Tax	3,000
(6)	Opening stock overvalued in Cost Account	4,000
(7)	Closing stock undervalued in Cost Account	6,000

(ii) Explain the causes of difference in profit as per cost and financial accounts. **7**

(B) Do as directed : (any **three**) **3**

(1) Due to under recovery of overheads in Cost Accounts, the profit of cost account. (Increase / Decrease)

(2) Indirect expenses as per cost account are ₹ 5,000 and actual indirect expenses are ₹ 6,250 it will be considered as :

(Over absorption 20% / Under absorption 20%)

(3) Expenses not recorded in financial account.

(Rent of own house / Bank interest)

(4) Which of the following items does not cause any difference between the profit disclosed by Cost and Financial Books ?

(Rent of the factory building which is hired / Use of different stock valuation method.)

(5) Amount recorded in Profit & Loss Account, but not recorded in Cost Accounts. (Preliminary Expenses/ Office Expenses)

4. (A) Following balances have been taken from the Cost Ledger of Infinity Ltd. as on 31-3-2018 : **14**

Particular	Debit (₹)	Credit (₹)
Stores Ledger Control A/c.	2,40,000	
Work -in- Progress A/c.	2,22,000	
Finished Goods Control A/c.	2,58,000	
General Ledger Control A/c.		7,20,000
	7,20,000	**7,20,000**

Following were the transactions during the year :

Purchase of stores	5,00,000
Stores issued to production	5,35,000
Indirect materials issued to production	9,000
Abnormal wastage of materials	3,000
Direct wages	5,00,000
Indirect wages	40,000
Carriage inward	6,000
Actual factory overheads paid	80,000
Factory overheads absorbed by production	85,000
Actual office expenses paid	40,000
Office expenses absorbed by finished goods	42,000
Actual sales expenses paid	15,000
Cost transferred to finished goods	9,18,000
Cost of sales	8,75,000
Sales	15,00,000

From the above information prepare necessary ledger accounts in cost ledger and prepare Trial Balance as on 31-3-2018.

OR

(i) From the following information of ABC Ltd. pass necessary Journal entry as per Non-Integral Accounting System. **7**

Particular	₹
Material Purchased	2,50,000
Material issued as Direct Material	3,05,000
Material issued as Indirect Material	15,000
Normal wastage of material	8,000
Abnormal wastage of material	5,000
Wages allocated to production	1,80,000
Finished goods transferred from production department	4,01,000

(ii) Write a short note on "General Ledger Control Account". **7**

(B) Do as directed : (Any **three**) **3**

(1) In case of normal loss which account Factory Overhead account debited. (True / False)

(2) Material Return to supplier debited to Cost Control Ledger A/c. (True / False)

(3) Bad debts is a selling overhead. (True / False)

(4) Explain the terms "Store Ledger Adjustment Account".

(5) Explain the terms "Work in Progress".