

Seat No. : _____

AK-112

April-2023

Integrated B.B.A., Sem.-II

IL-109 : Cost Accounting

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) What is meant by Cost Accounting ? Explain the objectives of Cost Accounting. **14**

OR

Write short notes on : **14**

- (1) Advantages of Cost Accounting.
- (2) Explain different techniques used in costing.

- (B) For the following questions, select the correct answer supported by necessary explanation/working note. (Any **Four**) **4**

- (1) In which of the following enterprises operating costing is not applicable ?
 - (a) Transportation Companies
 - (b) Oil refineries
 - (c) Hospitals
 - (d) Hotels
- (2) Which one of the following is not the objective of Cost Accounting ?
 - (a) Determination of selling price
 - (b) Ascertainment of cost
 - (c) Determination of tax and shareholder's dividend
 - (d) Assisting manager in decision-making.
- (3) Which one of the following is not a costing method ?
 - (a) Job Costing
 - (b) Marginal Costing
 - (c) Batch Costing
 - (d) Contract Costing
- (4) In cement industry, which method is used ?
 - (a) Operating Costing
 - (b) Unit Costing
 - (c) Process Costing
 - (d) Contract Costing
- (5) Telephone bill expenses is included in which of the following expenses ?
 - (a) Fixed expenses
 - (b) Semi-variable expenses
 - (c) Variable expenses
 - (d) None of the above

2. (A) Minesh Company manufactures two types of calculators 'M 9' and 'M 10'.
Production cost for the year ended as on 31st March, 2022 were : 14

- (1) Total production of both types of calculators was 19,500 units which was in proportion of 5: 8 for 'M 9' and 'M 10'.
- (2) Material cost was ₹ 6,30,000 and per unit cost for 'M 10' was 25% as that for 'M 9'.
- (3) Direct Wages was ₹ 2,94,000 and per unit cost for 'M 10' was 60% as that for 'M 9'.
- (4) Direct Expenses was ₹ 1,11,000 and per unit cost for 'M 10' was ₹ 3 and remaining expenses was for 'M 9'.
- (5) Factory Overheads were ₹ 1,56,000 and per unit expense was same for 'M 9' and 'M 10'.
- (6) Office Overheads for each type of calculator was 20% of Prime cost.
- (7) Selling Overheads for 'M 9' and 'M 10' was ₹ 9 and ₹ 6 respectively.
- (8) Sales : 'M 9' : 7,000 units @ 150 per unit
 'M 10' : 11,800 units @ 65 per unit.

Prepare a Cost Sheet showing cost per calculator and total cost.

OR

- (i) Explain different elements of cost. 7
- (ii) From the following information, prepare cost sheet and determine the value of sales if the rate of profit on sales $33\frac{1}{3}$. 7

Particulars	Amounts (₹)
Direct Material	10,000
Direct Wages	5,000
Factory Overheads	2,000
Selling Overheads	3,000
Administrative Overheads	5,000

(B) For the following questions, select the correct answer supported by necessary explanation/working note. (Any **Four**)

4

- (1) Total Cost is ₹ 50,000; rate of profit on selling price is 20%. Profit is ____.
- (a) ₹ 12,500 (b) ₹ 10,000
- (c) ₹ 15,000 (d) ₹ 7,500
- (2) Prime cost is ₹ 5,00,000; Factory Overheads is 20% of prime cost. Factory cost is ____.
- (a) ₹ 6,00,000 (b) ₹ 4,00,000
- (c) ₹ 5,00,000 (d) ₹ 10,00,000
- (3) Cost of production is ₹ 1,00,000; opening stock of finished goods is ₹ 20,000; closing stock of finished goods is ₹ 10,000. Calculate cost of goods sold.
- (a) ₹ 1,10,000 (b) ₹ 1,00,000
- (c) ₹ 90,000 (d) ₹ 1,30,000
- (4) From the following which item is not shown in cost sheet ?
- (a) Bad Debt Reserve (b) Bad Debt
- (c) Salary (d) Rent of Factory
- (5) Legal expenses are shown in cost sheet as ____.
- (a) Office expenses (b) Factory expenses
- (c) Direct expenses (d) Distribution expenses

3. (A) The following details are available from financial accounts of Anupama Co. Ltd. for the year ended on 31-03-2022.

14

Particulars	Amount (₹)
Direct Material Consumption	3,75,000
Direct Wages	1,50,000
Factory Overhead Expenses	5,70,000
Office Overhead Expenses	3,75,000
Sales and Distribution Overhead Expenses	7,20,000
Bad Debt	30,000
Preliminary Expenses written off	15,000
Legal expenses	7,500
Dividend Received	75,000
Interest on deposit received	15,000
Sales (1,20,000 units)	10,50,000
Closing Stock: Finished Goods (40,000 units)	1,80,000
Closing Stock : Work-in-Progress (at Factory cost)	1,20,000

Information received from cost accountant is as under :

- (1) Direct Material Consumed is ₹ 4,20,000.
- (2) Factory overheads recovered at 20% on prime cost.
- (3) Office overhead expenses are at ₹ 4.50 per unit of production.
- (4) Selling and distribution overhead at ₹ 6 per unit sold.

OR

- (i) Explain reasons for disagreement in profits as per cost accounts and financial accounts. 7
- (ii) Discuss in detail, as to how the stock of finished goods and work-in-progress are valued in cost account and on financial account. 7

(B) For the following questions, select the correct answer supported by necessary explanation/working note. (Any **Three**)

3

- (1) Goodwill written off is recorded in _____.
(a) Cost accounts (b) Financial accounts
(c) (a) or (b) (d) (a) and (b)
- (2) From the following incomes, which income is shown in cost accounts also ?
(a) Income from sale of scrap (b) Rent received
(c) Interest received (d) Dividend received
- (3) Office expenses as per financial accounts are ₹ 1,57,500; which are 5% more in comparison of that shown in cost accounts. Office expenses as per cost accounts will be _____.
(a) ₹ 1,49,625 (b) ₹ 1,50,000
(c) ₹ 1,65,375 (d) ₹ 1,65,000
- (4) Profit as per financial accounts of a company is ₹ 15,200. From the following information, find out the profit as per cost accounts.
(i) Dividend received ₹ 200
(ii) Debenture Interest ₹ 1,000
(iii) Over recovery of administration expenses ₹ 130
(iv) Under recovery of factory expenses ₹ 500
(a) ₹ 15,200 (b) ₹ 16,770
(c) ₹ 16,370 (d) ₹ 18,720

4. (A) The following balances are extracted from the Cost Ledger of Kosha Ltd. as on 1-4-22.

14

Particulars	Debit (₹)	Credit (₹)
Stores Ledger Control Account	25,000	—
Work-in-progress Control Account	42,000	—
Finished Goods Control Account	18,000	—
General Ledger Control Account	—	85,000
Total	85,000	85,000

The following information is available for the year 2022-23.

Particulars	Amount (₹)
Purchase of Material	1,80,000
Material issued to production	1,50,000
Carriage Inwards	10,000
Material issued for repairs	15,000
Productive wages paid	90,000
Unproductive wages paid	30,000
Factory overheads	1,38,000
Administration overheads	80,000
Selling overheads	70,000
Factory overheads recovered	75% of prime cost
Administration overheads recovered	84,000
Selling overheads recovered	68,000
Cost of finished goods	4,00,000
Cost of sales	4,80,000
Sales	6,00,000

From the above information, prepare necessary accounts in the Cost Ledger of the company and prepare Trial Balance as on 31-3-2023.

OR

- (i) Explain different control accounts in the Cost Ledger. 7
- (ii) From the following information of a factory, prepare Stores Ledger Control Account. 7

Particulars	Amount (₹)
Opening Balance of Material	50,000
Purchase of Material	60,000
Material returned to suppliers	4,000
Material issued to production	80,000
Material given for repairs	2,000
Material destroyed by fire	4,000

(B) For the following questions, select the correct answer supported by necessary explanation/working note. (Any **Three**)

3

- (1) Which of the following accounts make the cost ledger self-balancing ?
 - (a) Costing P & L Account
 - (b) Stores Ledger Control Account
 - (c) Cost Ledger Control Account
 - (d) Cost of Sales Account
 - (2) Which of the following accounts is debited on purchase of special material for a job ?
 - (a) Cost Ledger Control Account
 - (b) Stores Ledger Control Account
 - (c) WIP Ledger Control Account
 - (d) Cost of Sales Account
 - (3) To which account are the wages paid to workers who had gone on strike debited ?
 - (a) Costing P & L Account
 - (b) Factory Overhead Control Account
 - (c) Cost Ledger Control Account
 - (d) Wage Control Account
 - (4) For abnormal loss of material, which account is debited ?
 - (a) Costing P & L Account
 - (b) Stores Ledger Control Account
 - (c) Factory Overhead Control Account
 - (d) Cost of Sales Account
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