

Seat No. : _____

BG-121

May-2015

B.B.A., Sem.-II

CC-109 : Cost Accounting

Time : 3 Hours]

[Max. Marks : 70

1. (a) Explain the meaning and advantages of Cost Accounting. **7**

OR

Explain the objections to Cost Accounting. **7**

(b) (i) Explain the functional classification of cost. **4**

(ii) Explain fixed, variable and semi-variable cost with the help of example. **3**

OR

(i) Explain the meaning of opportunity cost and relevant cost. **4**

(ii) Identify the method of costing applicable in the following industry : **3**

(a) Printing Press

(b) Chemical Industry

(c) Pharmaceutical Industry

2. (a) From the following information of PQR Ltd., calculate total as well as per unit : **9**

(a) Prime cost

(b) Works cost

(c) Cost of production

(d) Cost of sales

(e) Profit

	₹
Stock of raw materials (1-1-2013)	50,000
Purchase of raw materials	1,70,000
Stock of raw materials (31-12-2013)	80,000
Carriage Inward	10,000
Direct Wages	1,50,000
Indirect Wages	20,000
Direct expenses	30,000
Office Rent and rates	1,000
Factory rent & rates	10,000
Indirect consumption of raw materials	1,000
Depreciation on plant	3,000
Depreciation on office furniture	200
Salesmen salary	4,000
Salary of office supervisor	5,000
Other factory expenses	11,400
Other office expenses	1,800
General Manager's Remuneration :	
Office	4,000
Factory	8,000
Selling	12,000
Other selling expenses	2,000
Travelling expenses of salesmen	2,200
Carriage & Freight outward	2,000
Advertisement	4,000
Sales	5,00,000
No. of units produced	1000 units

- (b) Prepare a specimen of cost sheet showing treatment of opening and closing stock of raw materials and finished goods with imaginary figures. 5

OR

The summarized trading & profit and loss account of Eagle Ltd. for the year ended 31st March 2013 is as under : 14

	₹		₹
To cost of materials	50,000	By Sales	2,90,000
To Direct wages	75,000		
To manufacturing expenses	40,000		
To Gross Profit	1,25,000		
	2,90,000		2,90,000
To staff salaries	30,000	By gross profit	1,25,000
To general expenses	25,000		
To Selling expenses	25,000		
To Net Profit	45,000		
	1,25,000		1,25,000

During the year, the company manufactured 2000 units. For the year ending 31st March 2014, it is estimated that :

- (1) Output and sales will be 2100 units.
- (2) Price of materials will rise by 30% on the previous year's level.
- (3) Wage rates will rise by 33.33%.
- (4) Manufacturing cost will rise by 25%.
- (5) A bonus of 1/6th of salary is expected to be paid to office staff.
- (6) General and selling expenses will rise in proportion to the cost of materials.

Prepare a statement showing the price at which each unit should be sold so as to earn a profit of 10% on the selling price.

3. Harsh Ltd. has furnished you the following information from the financial books for the year ended 30th June 2013.

14

Particulars	₹	Particulars	₹
To purchase of material	1,26,050	By Sales (25000 units at ₹15)	3,75,000
To Direct Wages	52,500	By Closing Stock	20,400
To factory overheads	60,650		
To Gross Profit	1,56,200		
	3,95,400		3,95,400
To Office overheads	26,700	By Gross Profit	1,56,200
To Selling expenses	35,500	By Rent received	1,300
To Net Profit	1,07,000	By Profit on sale of investment	11,700
	1,69,200		1,69,200

The cost sheet shows the costing profit of ₹ 1,02,850 and closing stock of ₹ 21,400. The factory overheads are absorbed at 100% of direct wages and office overheads are charged at ₹ 1 per unit. Selling expenses are charged at 10% of sales.

Prepare :

- (1) A statement showing profit as per cost accounts.
- (2) Statement showing reconciliation of profit disclosed in cost accounts with the profit shown in the financial accounts.

OR

- (a) The net profit shown by financial accounts of XYZ Ltd. amounted to ₹ 37,100 while the profit as per cost accounts were ₹ 57,320. On reconciliation of the figures, the following difference were noted :

7

- (1) Director's fees not charged in cost account ₹ 1,300.
- (2) A provision for bad and doubtful debts not charged in cost accounts ₹1,140.
- (3) Income tax paid shown only in financial accounts ₹ 16,600.
- (4) Overheads in cost accounts were estimated at ₹ 17,000. The charge shown by financial books was ₹ 16,640.
- (5) Work was started during the year on a new factory & expenditure of ₹ 16,000 was incurred. Depreciation of 10% was provided in financial accounts.
- (6) Bank interest received ₹ 60.

Prepare a Reconciliation statement.

- (b) Explain the reasons for the disagreement between the profits as shown by cost accounts and that shown by financial accounts. 7

4. The balances in cost ledger of a manufacturing company on January 1, 2012 were : 14

Particulars	Debit (₹)	Credit (₹)
Stores ledger control account	7,000	–
Work-in-progress ledger control account	12,800	–
Finished goods ledger control account	2,000	–
General ledger control account	–	21,800
	21,800	21,800

The following transactions took place during the year :

	(₹)
Purchase of materials	40,000
Direct wages	60,000
Manufacturing expenses	34,600
Selling & distribution expenses	5,400
Materials issued to production	37,200
Manufacturing expenses recovered	34,440
Selling & Distribution expenses recovered	5,320
Sales	1,50,000
Stock of material on December 31, 2012	9,800
Stock of finished goods on December 31, 2012	4,700
Work-in-progress on December 31, 2012	14,700

You are required to prepare necessary ledger accounts in the cost ledger for the year 2012, prepare the costing P/L account for the year and a trial balance as on 31st December 2012.

OR

- (a) The following information is given of Akash Ltd. for the month of Jan. 2014. **10**

Purchase of materials on credit	2,80,000
Wages paid	2,60,000
Direct wages	2,40,000
Indirect wages	10,000
Materials issued to production department	2,70,000
Factory expenses paid	32,000
Factory expenses charged to production	32,200
Office expenses paid	10,400
Office expenses charged to finished goods	10,000
Finished goods transferred from production department	1,40,000

Pass necessary Journal Entries in the books of the company.

- (b) Write a note on General Ledger Adjustment Account. **4**

5. Do as directed : **14**

- (1) Cost Accounting helps to identify unprofitable activities & processes. (True/False)
- (2) The method of costing used in transport industry is _____.
- (3) Consumable stores is a factory overhead. (True/False)
- (4) Dividend received is recorded in the cost sheet. (True/False)
- (5) Direct material + Direct labour + Direct expenses = _____.
- (6) Closing stock is valued at factory cost. (True/False)
- (7) Selling overheads are calculated on the basis of number of units _____. (Sold/Produced)

- (8) Under non-integral system personal and nominal accounts are maintained. (True/False)
- (9) In cost accounts, actual overheads are shown. (True/False)
- (10) When profit as per cost accounts is ₹ 50,000, provision for income-tax is ₹ 18,000, profit as per financial accounts will be ₹ _____.
- (11) Expenses relating to purchase of raw materials is debited to _____ ledger control account. (W.I.P./ stores)
- (12) Dividend received is one of the reasons for difference in profit as per cost and financial accounts. (True/False)
- (13) Costing P & L A/c makes the cost ledger self balancing. (True/False)
- (14) National rent is recorded in financial accounts. (True/False)
-

