

AR-103

May-2016

BA, BBA, B.Com., LL.B. (Int.), Sem.-II**IL BBA-109 : Cost Accounting****Time : 3 Hours]****[Max. Marks : 70**

1. Explain the cost classification. 14

OR

- (a) Write a note on : Cost Accounting vs. Financial Accounting. 7
- (b) State the essential elements of an ideal costing system. 7
2. (a) Explain classification of expense in cost sheet. 7
- (b) Explain components of total cost including proforma of cost sheet. 7

OR

M/s. Pathak Enterprise manufactures two types of material 'A' and 'B' : 14

Production cost for the year ended 31st March, 2016 were :

Raw material consumed	₹ 6,30,000/-
Direct wages	₹ 2,94,000/-
Direct expenses	₹ 1,11,000/-
Factory Indirect expenses	₹ 1,56,000/-

Additional information is as under :

- (1) Direct materials per unit for type 'A' materials consists four times as much as that in type 'B' materials.
- (2) Direct wages per unit for type 'B' were 60% of those for type 'A'.
- (3) Direct expenses per unit for type 'B' is ₹ 3 and remaining expenses for type 'A'.
- (4) Factory overheads per unit was same for 'A' and 'B'.
- (5) Office overheads for such type was 20% of prime cost.
- (6) Selling cost of 'A' and 'B' ₹ 9 and ₹ 6 respectively.
- (7) Production and sales during the year :
 - 'A' type – 7500 unit of which 7,000 were sold
 - 'B' type – 12,000 unit of which 11,800 were sold
- (8) Selling price per price for 'A' ₹ 150 and 'B' ₹ 65.

Prepare a cost sheet showing cost per unit and total cost.

3. (a) What do you mean by reconciliation between cost and financial account ? 7
 (b) Explain the causes of difference in profit as per cost and financial account. 7

OR

The financial accounts of Antrix Ltd. for the year ended on 31-03-2016 is as under : 14

	₹
Raw material consumed	4,20,000
Direct wages	1,80,000
Factory overheads	1,50,000
Administrative expenses	1,35,000
Selling and distribution expenses	60,000
Preliminary expenses written off	90,000
Bad debts	52,500
Opening stock of finished goods (500 units)	30,000
Closing stock of finished goods (500 units)	48,750
Sales (8000 units)	10,50,000
Interest received	5,250
Rent received	6,000

Information received from cost accounts is as under :

- (1) Raw materials and wages are charged at actual cost.
- (2) Factory overheads are charged at 80% of wages.
- (3) Administration overheads are charged at 20% of factory cost.
- (4) Selling and distribution expense are charged at ₹ 4.50 per unit sold.
- (5) Opening stock of finished goods is valued at ₹ 70/- per unit.
- (6) Closing stock of finished goods is a part of production of the year.

Prepare :

- (1) Cost Sheet
- (2) Profit and Loss Account
- (3) Reconciliation statement of profit and loss.

4. (a) Explain following accounts : 3.5 × 2 = 7
 (1) General Ledger Adjustment Account
 (2) Stores Ledger Control Account
- (b) What do you mean by non-integral accounts ? 7

OR

The following is the Gender Ledger Adjustment Account in the cost ledger :

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General Ledger Adjustment Account

Particulars	₹	Particulars	₹
To Cost of Sales A/c. (sales	1,50,000	By, Opening Balance	
To Closing Balance		Material 17,500	
Materials 18,250		WIP 10,000	
WIP 12,500		Finished Goods <u>5,000</u>	32,500
Finished goods <u>6,250</u>	37,000	By, Purchase of Materials	25,000
		By, Factory overheads	18,500
		By, Administration Overheads	5,000
		By, Selling and distribution overheads	10,000
		By, Wages :	
		Direct 30,000	
		Indirect 14,750	
		Idle time 750	
		Administration 7,250	
		Selling commission <u>13,125</u>	65,875
		By, Costing profit & Loss profit	30,125
	1,87,000		1,87,000

Additional information :

- (1) Stores issued to production :
 - Direct material ₹ 21,250
 - Sundry Material ₹ 2,500
- (2) Normal loss of material ₹ 500.
- (3) Overhead Absorption : Factory expenses 120% of direct wages, administrative expenses ₹ 12,500, Selling expenses ₹ 22,500.

From the above information, prepare necessary Accounts in the Cost Ledger and find out Profit and Loss.

5. Do as Direct : (Any 14)

14

- (1) _____ cost must be considered while choosing an alternative from various alternative.
- (2) The method of costing under in transport industry is _____.
- (3) Closing stock is valued at factory cost. (True/False)
- (4) Expenses relating to purchase of raw material is debited to _____ ledger Control Account.
- (5) Notional rent is recorded in financial accounts. (True/False)
- (6) Prime cost + Factory overheads + Office overheads = Factory cost. (True/False)
- (7) Give the meaning of term "Tender".
- (8) Interest on capital is not shown in cost sheet. (True/False)
- (9) Dividend paid to shareholders is not recorded in _____ accounts.
- (10) If loss as per cost accounts is ₹ 30,000 and goodwill written off is ₹ 2,000 then the loss as per financial accounts would be _____.
- (11) Explain the term "Work in progress ledger control account".
- (12) Give journal entry for the following as per non-integral accounting system.
Wages of worker for abnormal idle time ₹ 5,000
- (13) Overhead adjustment account always shows a Debit Balance. (True/False)
- (14) If profit as per cost accounts is ₹ 1,25,000 and provision for income tax is ₹ 90,000 _____ will be the profit as per financial accounts.
- (15) Give meaning of the term "Sunk Cost".
- (16) In chemical industry _____ type of costing method is used.
- (17) Give meaning of the term "Costing".
- (18) When the rate of profit is 50% of sales, it is equal to 100% of the total cost of sales. (True/False)
- (19) Closing stock is valued at cost of _____
- (20) Balance of cost of sales account either debit or credit is transferred to _____ Account.
