

Seat No. : _____

ZJ-111

May-2014

B.B.A. (Sem.-II)

109 : Cost Accounting

Time : 3 Hours]

[Max. Marks : 70

- Instructions :** (1) Figures to right indicate marks.
(2) Show calculations as part of your answer.

1. From the following information of Raj Company the following balances appear on 1st April 2013 :

14

Particulars	Dr. (₹)	Cr. (₹)
Stores Ledger Control Account	37,000	—
Work-in-progress control Account	38,000	—
Finished goods Ledger control Account	25,000	—
Cost Ledger control Account	—	1,00,000
Total	1,00,000	1,00,000

Transactions for the year ending on 31st March 2014 were as under :

Particulars	₹
Raw material purchased	95,000
Material returned to suppliers	4,000
Material issued to production	97,000
Material returned by production	3,000
Productive wages	35,000
Unproductive wages	25,000
Factory Expenses paid	16,000
Factory Expenses charged to production	32,000
Office Expenses paid	6,700
Recovery of office Expenses	6,600
Finished goods produced	1,89,000
Cost of Sales	2,03,000
Sales	3,10,000

Prepare Ledger Accounts as per Non-Integral Accounting System.

OR

1. (a) From the following information of Disha Ltd., pass necessary Journal Entries as per Non-Integral Accounting System. 10

Particulars	(₹) Amount
Material purchased during the year	6,60,000
Material issued as :	
Direct Material	4,50,000
Indirect Material	1,20,000
Factory Expenses paid	2,40,000
Factory Expenses recovered	2,00,000
Office Expenses paid	40,000
Office Expenses recovered	35,000
Selling Expenses paid	1,80,000
Selling Expenses recovered	2,00,000
Finished goods produced	10,80,000
Cost of Sales	15,00,000
Sales	18,00,000

- (b) Write short note on :
 “Finished Goods Ledger Control Account”. 4

2. (a) Discuss the limitations of Cost Accounting. 7

OR

Explain the difference between Cost and Financial Accounting.

- (b) Discuss with example any four methods of Costing. 7

OR

Discuss objectives of Cost Accounting.

3. (a) From the following information of Vijay Ltd. for the year 2013, prepare a Cost Sheet showing total profit and profit per unit for its product “Zifi water purifier”. 7

Particulars	(₹) Amount
Purchase of Raw Material	2,30,000
Carriage Inward	8,000
Direct Wages	1,92,000
Machine hours worked : 20,000 hrs.	—
Machine hour rate : ₹ 4 per hrs.	—
Opening stock of Raw material	50,000
Opening stock of Finished goods (4000 units)	80,000
Closing stock of Raw material	40,000
Closing stock of finished goods (5000 units)	(?)
Opening stock of work-in-progress	10,000
Closing stock of work-in-progress	30,000
Office expenses : 4% of works cost	—
Selling and distribution expenses : ₹ 2 per unit sold	—
Sales	6,00,000

Production during the year = 26000 units.

- (b) Write short note on : “Estimated Cost Sheet”. 7

OR

3. The following particulars are available from the books of Rajiv Ltd. for the year 2012. Prepare a Cost Sheet for the year 2012 and estimated cost sheet for the year 2013 showing total cost and cost per unit.

14

Particulars	(₹) Amount
Direct Materials	6,03,000
Direct Labour	3,82,500
Direct Expenses	54,000
Factory Overhead Expenses (40% variable)	3,82,500
Administrative Overheads (fixed)	2,16,000
Selling expenses (20% fixed)	1,80,000
Output and sales (4500 units)	22,72,500

For the year 2013, the company will produce 12000 units and sell 10000 units for which the following estimation has been made :

- (1) Prices of direct material will go up by ₹ 41 per unit.
- (2) Direct labour will increase by 20% per unit, direct expenses per unit will remain same.
- (3) Fixed factory overheads will increase by ₹ 22,500.
- (4) Variable selling expenses will increase by ₹ 3 per unit.
- (5) The rate of profit on sales during previous year will have to be maintained in the year 2013 also.

4. Following is the summarized Trading and Profit & Loss Account of Sheetal Industries for the year ending 31-3-13 :

14

Dr. P Trading and Profit & Loss Account Cr.

Particulars	Amt (₹)	Particulars	Amt (₹)
To Raw Material consumed	2,00,000	By Sales (12000 units)	4,80,000
To Wages	75,400	By Closing stock of finished goods (3000 units)	66,000
To Factory Expenses	54,600	By Interest on Securities	17,000
To Administrative Expenses	52,500	By Profit on Sale of Assets	1,20,000
To Selling and Distribution Expenses	96,000		
To Goodwill Written off	12,500		
To Interest on loans	1,500		
To Dividend	2,500		
To Income Tax	5,000		
To Net Profit	1,83,000		
	6,83,000		6,83,000

A standard unit was manufactured the year the cost accounting records showed the following :

- Materials consumed is @ ₹ 10 per unit.
- Direct Wages is @ ₹ 6 per unit.
- Factory overheads are absorbed @ 25% of prime cost.
- Administrative overheads are charged @ ₹ 5 per unit.
- Selling and distribution overheads are charged @ ₹ 7 per unit sold.

You are required to prepare :

- Statement of Cost
- Statement of Reconciliation of Profits.

OR

4. (a) Minakshi Ltd's cost books showed profit of ₹ 60,807 for the year ending 31st March 2014. A scrutiny of the two books of accounts disclosed the following facts :

7

- (1) Works overhead recovered in cost books during the period amounted to ₹ 28,450 while financial books showed ₹ 21,390 as actually paid.
- (2) Actual office expenses for the period were ₹ 19,850 where as the office overhead recovered in cost amounted to ₹ 14,500.
- (3) The annual rental value of premises owned by the company, amounting to ₹ 40,800 was charged in cost accounts but not in financial accounts.
- (4) Selling and distribution expenses for the period amounting ₹ 16,490 were excluded from cost records.
- (5) Excess depreciation charged in cost accounts ₹ 2,400.

- (6) Expenses not included in cost accounts but shown in Financial Account :

Interest and Bank loan	₹ 1,600
Bank charges	₹ 160
Directors fees	₹ 750
Penalty due to late completion of contract	₹ 2,500

- (7) Gains during the year not included in Cost Accounts :

Transfer fees	₹ 45
Profit on sale of Investment	₹ 4,250

- (8) Appropriations made in Financial Accounts :

Transfer to Dividend Equalisation fund	₹ 10,500
Transfer to Income Tax Reserve	₹ 6,400
Transfer to Debenture Redemption fund	₹ 9,000

- (9) A sum of ₹ 10,000 had been given as donation to Prime Ministers Relief Fund which is recorded in Financial books only.

You are required to prepare a Reconciliation statement and find profit as per Financial Books.

- (b) Write short note on "Reasons for disagreement in profits between Cost Accounts and Financial Accounts".

7

- (1) What is “Standard Costing” ?
 - (2) _____ cost considers only variable cost and not fixed cost.
 - (3) Give the meaning of “Differential Costing”.
 - (4) Cost of production (–) selling and Distribution Overheads = Cost of Sales. (True or false)
 - (5) _____ is the cost unit used in mining industry.
 - (6) A factory has manufactured 2500 units during a year out of which 2200 units are sold its total factory cost is ₹ 7,00,000 and its administrative overheads are 10% of factory cost. If selling and distribution overheads are ₹ 6 per unit then the value of its closing stock of finished goods would be _____. (assuming that there is no opening stock of finished goods).
 - (7) Bad Debts is a selling overhead. (True or false)
 - (8) If the rate of profit is 20% on selling price, it is equal to 25% on cost price. (True or False)
 - (9) If loss as per Financial Accounts is ₹ 35,000, Goodwill written off is ₹ 20,000, Rent Income is ₹ 15,000 (these items appear only in financial accounts), the loss as per Cost Accounts will be _____.
 - (10) National Rent is considered in _____ accounts.
 - (11) Premium on issue of shares is ignored in Financial Accounts. (True/False)
 - (12) If selling overheads shown in financial accounts is 2,40,000 which is 20% less in comparison of that shown in cost accounts, then selling overheads as per accounts would be _____.
 - (13) Wages for normal idle time paid to workers are debited to factory overheads account under non-integral accounting system. (True/False)
 - (14) When materials are purchased for special jobs directly then, its Journal Entry as per non-integrated system would be _____.
 - (15) Net Profit or Loss of costing profit and Loss Account is transferred to General Ledger Adjustment Account. (True/False)
 - (16) Selling and distribution overheads are allocated to cost of sales account. (True/False)
 - (17) Explain the term “General Ledger Adjustment Account”.
-

