Seat No. : _______________

MN-103

March-2019

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

ILBBA 109 : Cost Accounting

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

1. (a) What is meant by cost accounting ? Explain the difference between cost accounting and financial accounting. **14**

OR

(i) Explain limitations of Cost Accounting. **7**

(ii) Explain different techniques used in costing. **7**

(b) Multiple choice questions : (Attempt any **four**) **4**

(1) Telephone bill expenses is included in which of the following expenses ?

(a) Fixed Expenses (b) Variable Expenses

(c) Semi- variable expenses (d) None of the above

(2) In cement industry, which method is used ?

(a) Operating Costing (b) Process Costing

(c) Unit Costing (d) Contract Costing

(3) Which of the following is a variable cost ?

(a) Indirect Materials (b) Salesman's Commission

(c) Administrative Staff Salary (d) Interest on Bank Loan

(4) Which one of the following is not a costing method ?

(a) Marginal Costing (b) Job Costing

(c) Batch Costing (d) Contract Costing

(5) Which one of the following is not the objective of Cost Accounting ?

(a) Ascertainment of cost

(b) Determination of selling price

(c) Determination of tax and shareholders' dividend.

(d) Assisting Management in decision making.

(6) In which of the following enterprises operating costing is not applicable ?

(a) Transport Companies (b) Oil refineries

(c) Hotels (d) Hospitals

2. (a) Following particulars have been extracted from the cost records of Bhavya Manufacturing Co. Ltd. during the year 2018 : **14**

Particulars	Amount (₹)
Direct Materials	16,00,000
Direct Expenses	2,00,000
Office Expenses	3,00,000
Direct Wages	8,00,000
Factory Expenses	6,00,000
Selling Expenses	4,00,000

Production was of 8,000 tables during the year and have been sold out for ₹ 46,80,000. It is ascertained that 30% of the factory expenses and 20% of the selling expenses are fixed. During the year 2019 the company plans to manufacture 10,000 tables. Cost of the material will increase by 15% and direct wages per unit will increase by 10%. Fixed factory expenses will increase by ₹ 20,000. Office expenses will increase by 20% but otherwise no changes are anticipated.

You have to prepare: A estimated cost sheet for the year 2019, showing the price at which table to be sold, so as to get same rate of profit on cost as in the year 2018.

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 profit on sales is 33 1/3% **7**

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

(b) Multiple choice questions : (Attempt any **four**) **4**

(1) From the following, which item is shown in cost sheet ?

(a) Octroi paid on purchase

(b) Bad debt reserve

(c) Donation

(d) Income tax

(2) Legal expenses are shown in cost sheet as

(a) Factory expense

(b) Direct expense

(c) Office expense

(d) Distribution expense

(3) From the following which item is not shown in cost sheet ?

(a) Materials (b) Carriage inward

(c) Salary (d) Dividend paid

(4) Total Cost – ₹ 5,000

Rate of profit is 20% on selling price. Determine the amount of profit.

(a) ₹ 1,000 (b) ₹ 1,500

(c) ₹ 750 (d) ₹ 1,250

(5) Prime cost is ₹ 5,00, 000.

Factory Overheads is 20% of prime cost. Calculate total factory cost.

(a) 4,00,000 (b) 5,00,000

(c) 6,00,000 (d) None of the above

(6) Cost of production is ₹ 1,00,000

Opening stock of finished good is ₹ 20,000.

Closing Stock of finished goods is ₹ 10,000. Calculate COGS.

(a) 1,00,000 (b) 1,10,000

(c) 90,000 (d) None of the above

3. (a) The following figures are available from Khyati Ltd.'s financial accounts for the year ended on 31-3-2018 : **14**

Particulars	**Amount (₹)**
Direct Material	75,000
Direct Wages	30,000
Factory overheads	1,14,000
Administration overheads	75,000
Selling and Distribution overheads	1,44,000
Bad Debts	6,000
Goodwill written off	3,000
Legal Charges	1,500
Miscellaneous Income Received	15,000
Interest on current account (credit)	3,000
Sales (36,000 units)	2,10,000
Closing Stock :	
Finished stock 12,000 units	36,000
WIP(at Prime cost in both books)	24,000

The cost accounts reveal :

(1) Direct Material consumption ₹ 84,000.

(2) Factory overheads @ 20% on prime cost.

(3) Administration overheads at ₹ 3 per unit of production.

(4) Selling and distribution overheads at ₹ 4 per unit sold.

Prepare :

(1) Cost Sheet

(2) Financial Profit and Loss account

(3) Reconciliation statement

OR

(i) From the following Profit and loss Account, draw up a Reconciliation Statement, reconciling the profit as shown by two sets of Accounts.

Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Office Salaries	11,280	By Gross Profit	54,650
To Office expenses	6,510	By Dividend Received	400
To Salesmen's salaries	4,920	By Interest on Bank deposit	150
To Sales expenses	9,300		
To Distribution expenses	3,000		
To Loss on sale of machinery	1,950		
To Fine	200		
To Discount on debentures	100		
Net Profit	17,940		
	55,200		**55,200**

(ii) Explain the reasons for disagreement in profits as per cost accounts and financial accounts.

(b) Multiple choice questions : (Attempt any **three**) **3**

(1) When loss as per cost accounts is ₹ 60,000 and Goodwill written off is ₹ 4,000, the loss as per financial book would be :

(a) 50,000

(b) 64.000

(c) 26,000

(d) None of above

(2) Which of the following is not recorded in financial accounts ?

(a) Interest on capital

(b) Loss on sale of investments

(c) Donations

(d) Imputed factory rent

(3) Office expenses as per financial accounts are ₹ 1,57,500, which are 5% more in comparison to cost accounts. Office expenses as per cost accounts will be :

(a) ₹ 1,50,000

(b) ₹ 1,65,000

(c) ₹ 1,49,625

(d) ₹ 1,65,375

(4) Which of the following is not recorded in cost accounts ?

(a) Provision for taxation

(b) Interest on investments

(c) Interest on bank loan

(d) All of the above

(5) Profit as per financial accounts is ₹ 50,000. Over-recovery of factory overheads is ₹ 10,000.

Find out profit as per cost accounts.

(a) 40,000

(b) 50,000

(c) 60,000

(d) None of the above

4. (a) Following balances have been taken from the cost ledger of Ajanta Company Ltd. as on 31-3-2018.From the following information, prepare necessary accounts in cost ledger of the company and prepare trial balance as on 31 -3-2018 : **14**

Particulars	**Debit (₹)**	**Credit (₹)**
Cost ledger control A/c.		6,17,000
Stores ledger control A/c.	2,77,00	–
Work-in Progress Ledger Control A/c.	1,46,000	–
Finished Goods Ledger Control A/c.	1,94,000	–

Following were the transactions during 2017-18.

Particulars	Amount (₹)
Purchase of Materials	8,50,000
Materials issued to production	7,20,000
Materials issued to repairs	28,000
Abnormal wastage of materials	10,000
Normal wastage of materials	4,000
Direct Wages	2,00,000
Indirect Wages	70,000
Carriage inward	18,000
Actual factory overheads paid	2,00,000
Factory overheads absorbed by production	2,80,000
Actual office expenses paid	80,000
Office expenses absorbed by finished goods	88,000
Carriage inward	11,42,000
Cost of Sales	12,11,000
Sales	14,00,000

OR

(i) From the following information of a factory, prepare Stores Ledger Control Account : **7**

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

(ii) Explain different control accounts in the Cost Ledger. **7**

(B) Multiple Choice Questions : (Attempt any **three**) **3**

(1) Which of the following accounts make the cost ledger self-balancing ?

(a) Costing P&L A/c. (b) Cost ledger control A/c.

(c) Overhead Adjustment A/c. (d) None of these

(2) To which account are the wages paid to workers who had gone on strike debited ?

(a) Cost Ledger Control A/c. (b) Costing P&L A/c.

(c) Factory Overhead A/c. (d) None of these

(3) Which of the following account is given the main emphasis under non-integrated system ?

(a) Real Accounts (b) Personal Accounts

(c) Nominal Accounts (d) All of these

(4) Which of the following account is debited when material are returned to supplier ?

(a) General Ledger Control A/c. (b) Stores Ledger Control A/c.

(c) WIP Control A/c. (d) None of the above

(5) Abnormal idle time wages will be recorded on the debit side of

(a) Costing P&L A/c. (b) General Ledger Control A/c.

(c) Wages Control A/c. (d) None of the above
