

AQ-111

May-2016

BBA, Sem.-II**CC-109 : Cost Accounting-2****Time : 3 Hours]****[Max. Marks : 70**

- Instructions :** (1) Figures to the right indicate marks.
(2) Working notes should form a part of your answer.

1. (A) Explain the objectives of Cost Accounting. 7
OR
 Discuss the objections to Cost Accounting.
 (B) Explain the advantages of Cost Accounting. 7
OR
 Explain with examples any four methods of costing.
2. (A) Give a specimen of cost sheet showing with imaginary figures of various expenses in details. 7
 (B) The Ram Co. Ltd., sold all production for ₹ 1,20,000 during the year 2015. The cost per unit of the company was as under : 7

Particulars	Cost per Unit (₹)
Direct Materials	40
Direct Wages	30
Direct Expenses	10
Factory Overheads :	
Fixed	4
Variable	6
Office Overheads : (Fixed)	10
Sales Overheads :	
Fixed	6
Variable	4
Total Cost	110
Profit	10
Sales Price	120

Out of the annual production capacity of the company 80% of the production was done in 2015. The estimate for the year 2016 is as under :

- (1) The production will be at its full production capacity, of which 80% units will be sold.
- (2) There will be 20% increase in all variable expenses, while 10% increase in all fixed overheads.
- (3) The rate of profit on cost remain same as per last year.

From the above particulars, prepare :

- (i) Cost Sheet showing total cost and per unit cost for the year 2015.
- (ii) Estimated cost sheet showing total cost and per unit cost for the year 2016.

OR

2. Sangita Ltd., produced and sold 10,000 units of Radio at its 50% production capacity in the year 2014-15. Selling price per unit is ₹ 492.

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Particulars	₹
Material	10,00,000
Direct Wages	5,00,000
Direct Expenses	2,00,000
Factory Overheads (40% variable)	10,00,000
Office Overheads (Fixed)	8,00,000
Selling Overheads (70% Fixed)	6,00,000
Total Cost	41,00,000

For the year 2015-16, it is estimated that :

- (1) Production will be 20,000 units and sales will be 12,000 units.
- (2) Price of material will go up by 20%.
- (3) In addition to the proportionate increase in number of workers, another additional wages of ₹ 2,00,000 is to be paid.
- (4) Factory expenses (variable and fixed) will increase by 10%.
- (5) Administrative overheads will increase by ₹ 2,00,000.
- (6) Fixed selling expenses will go up by ₹ 60,000.
- (7) Selling expenses per unit will go up by ₹ 2.
- (8) The rate of profit on cost will remain same as per last year.

From the above information, prepare :

- (i) A cost statement for the year 2014-15.
- (ii) A statement of cost showing estimated profit for the year 2015-16.

3. The following is the cost per unit of Jay Ltd., per unit cost is ₹ 810. Which allocated as follows :

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Particulars	₹
Material	400
Wages	200
Factory overheads (based on prime cost)	150
Administrative overhead	40
Selling overheads	20

The following is the Profit and Loss A/c of the company :

Profit and Loss Account

Particulars	₹	Particulars	₹
To Opening Stock (100 units)	40,000	By Sales (1000 units)	11,00,000
To Materials	6,00,000	By Closing Stock (600 units)	4,24,000
To Labour	3,00,000		
To Factory Expenses	1,60,000		
To Gross Profit	4,24,000		
	15,24,000		15,24,000
To Office Expenses	28,000	By Gross Profit	4,24,000
To Selling Expenses	22,000	By Interest	20,000
To Provision for Taxation	14,000		
To Goodwill Writtenoff	4,000		
To Net Profit	3,76,000		
	4,44,000		4,44,000

Prepare cost statement and reconciliation statement.

OR

3. Jaimin Ltd. furnishes Trading and Profit and Loss Account for the year ended on 31-3-2016.

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Particulars	₹	Particulars	₹
To Materials	20,00,000	By Sales (90,000 units)	46,00,000
To Wages	6,00,000	By Finished Stock (10,000 Units)	4,00,000
To Factory expenses	3,40,000		
To Gross profit	20,60,000		
	50,00,000		50,00,000
To Office overheads	1,60,000	By Gross Profit	20,60,000
To Selling overheads	2,00,000	By Share dividend	15,000
To Interest on debentures	25,000	By Share transfer fee	5,000
To Loss on sale of investments	15,000		
To Donation	30,000		
To Goodwill written off	20,000		
To Income Tax	30,000		
To Net Profit	16,00,000		
	20,80,000		20,80,000

During the year 100000 units were produced and out of that 90,000 units were sold.

From the cost accounts, following details are as follows :

- (1) Materials and wages are recorded at cost.
- (2) Factory expenses are recovered at 70% of the wages.
- (3) Office overheads have been charged at ₹ 1 per unit.
- (4) Selling overheads have been charged at ₹ 1 per unit.

From the above details, prepare :

- (A) A statement showing profit as per Cost Accounts.
- (B) A reconciliation statement.

4. Following balances have been taken from the cost ledger of Bhoomi Company Ltd., as on 31-3-2015 :

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Particulars	Debit (₹)	Credit (₹)
Stores Ledger Control A/c	51,000	—
Work in Progress Ledger Control A/c	39,000	—
Finished Goods Ledger Control A/c	43,500	—
General Ledger Control A/c	—	1,33,500
	1,33,500	1,33,500

Following were the transaction during the year 2015-16 :

Purchase of material	2,25,000
Material issued to production	2,10,000
Indirect material issued to production	4,500
Abnormal wastages of material	3,000
Direct wages	3,00,000
Indirect wages	22,500
Carriage Inward	4,500
Actual factory overhead paid	75,000
Factory overhead absorbed by production	97,500
Actual office expenses paid	15,000
Office expenses absorbed by finished goods	16,500
Actual sales expenses paid	6,000
Cost transferred to finished goods	5,73,000
Cost of sales	5,80,500
Sales	7,50,000

From the above information, prepare necessary accounts in cost ledger of the company and prepare Trial Balance as on 31-3-2016.

OR

4. (A) The following information is gathered from Jalpa Machinery Manufacturing Co. Ltd., for the month of April, 2016, pass necessary journal entries : 7

	₹
Total wages paid	20,000
Wages allocated to production	10,000
Factory indirect wages allocated	6,000
Administration indirect wages allocated	1,500
Wages of normal idle time allocated	800
Wages of abnormal idle time allocated	700
Indirect wages of sales office allocated	1,000

- (B) Write short note on “Cost Ledger Control Account”. 7

5. Do as directed : 14

- (1) Which of the following is a ‘Period Cost’ ?
- (a) Depreciation on machinery (b) Salary of office employee
(c) Direct labour (d) All of these
- (2) Telephone Phone bill is included in which of the following expenses ?
- (a) Fixed expenses (b) Semi-variable expenses
(c) Variable expenses (d) None of these
- (3) From the following, which item is not shown in cost sheet ?
- (a) Dividend paid (b) Material
(c) Salary (d) Carriage inward
- (4) Cost of sales is ₹ 90,000. Amount of profit is ₹ 10,000. State the percentage of profit on sales.
- (a) 10% (b) 9%
(c) 11% (d) 12%
- (5) When loss as per cost accounts is ₹ 60,000 and goodwill writtenoff is ₹ 5,000, the loss as per financial book would be as under :
- (a) 55,000 (b) 70,000
(c) 65,000 (d) None of these
- (6) Expenses not recorded in Financial Accounts :
- (a) Office salary (b) Commission
(c) Bank interest (d) Rent of own house
- (7) For normal loss of material, which account is debited ?
- (a) Cost of Sales A/c (b) Stores Ledger Control A/c
(c) Costing P & L A/c (d) Factory Overheads A/c

- (8) Balance of costing profit and loss account either debit or credit is transferred to _____. (General Ledger Adjustment A/c / Cost of Sales A/c)
- (9) Prime Cost + Factory Overheads + Office Overheads = Total Cost. (True / False)
- (10) Interest on drawing is not shown in cost sheet. (True / False)
- (11) In Cement Industry, unit costing methods is used. (True / False)
- (12) Overhead Adjustment Account always shows a Credit Balance. (True / False)
- (13) Give the meaning of term "Tender Price".
- (14) Give the meaning of term "Work-in-Progress Ledger Control Account".
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