

**NB-108**

November-2017

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

- Instructions :** (1) Figure to the right indicate marks.  
(2) Show Calculation as a part of answer.

1. (A) Explain advantages and limitations of Cost Accounting. 7

**OR**

Explain with examples any four methods of Costing.

- (B) Explain the objectives of Cost Accounting. 7

**OR**

Write a short note on Costing Techniques.

2. The following particulars are obtained from the books of Excel Ltd. for the year 2016. 14

Particulars	₹
Direct Material	8,04,000
Direct Wages	5,10,000
Direct Expenses	72,000
Factory Overhead (60% fixed )	5,10,000
Office Overhead (fixed)	2,88,000
Selling Overhead (80% variable)	2,40,000
Sales (2400 Units)	29,08,800

For the year 2017, it is estimated that

1. Production and sales will be 8,000 units.
2. Direct Material will be increase by ₹ 90 per unit.
3. Direct Wages per unit be increase by 20%.
4. Fixed factory overhead will increase by ₹ 14,000.
5. Variable selling expenses will increase by ₹ 6 per unit.
6. Rate of profit on cost will remain same as per last year.

Prepare : Cost Sheet for the year 2016 and estimated cost sheet for the year 2017.

**OR**

(A) Find percentage of profit on cost and on sale. There was no opening stock and closing stock.

Direct Material : ₹ 82,500

Direct Labour : ₹ 52,500

Total Sales : ₹ 2,50,000

Factory Overhead are 20% on factory cost. Office overhead are 25% of the total cost.

(B) Prepare a specimen of cost sheet with imaginary figure with opening and closing balance of raw material and finish goods.

3. Following is the details available from financial accounts of Apple Co. Ltd. for the year ended on 31-3-2016 :

Particulars	₹
Direct Materials consumption	2,40,000
Direct Wages	1,20,000
Factory overhead expenses	90,000
Administration overhead expenses (indirect)	45,000
Sales and distribution overheads (indirect)	76,500
Preliminary expenses written off	21,000
Goodwill written off	24,000
Interest on bank deposit received	1,62,000
Dividend received	90,000
Penalty	1,500
Interest paid on mortgage loan	7,500
Loss on sale of machinery	4,500
Provision for taxation	45,000
Sales (1,20,000 units)	4,80,000
<b>Work In Progress</b>	
Direct Materials	24,000
Direct Wages	6,000
Indirect factory overheads	6,000
Closing stock of finished goods (6000 units)	36,000
	12,000

**In Cost Accounts :**

1. Production overheads are charged at 20% on prime cost.
2. Administration overheads are charged at 50 paise per production unit.
3. Selling and distribution overheads are charged at 25 paise per unit sold.

**Prepare the following :**

1. Cost Sheet
2. Financial Profit and Loss A/c
3. Reconciling Statement

**OR**

(A) Arpit Automobiles Co. provides following information for year 2016 :

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Profit as per Financial Accounts is ₹ : ?

Profit as per Cost Accounts is ₹ 2,80,100.

Considering the following information, prepare Reconciliation Statement.

(1) Over absorption of administrative expenses in Cost Accounts	35,000
(2) Depreciation recorded in Cost Accounts	30,000
(3) Depreciation debited in Financial Accounts	20,000
(4) Under absorption of Factory expenses in Cost Account	5,050
(5) Interest on Investment received	9,000
(6) Provision for Income Tax	10,500
(7) Loss on sale of plant	8,200
(8) Discount received recorded in Financial Accounts	1,100
(9) Loss of store adjustment	2,250
(10) Debenture interest debited in Financial Accounts	1,400

(B) Explain the reasons of difference in profit as per Cost and Financial Accounts.

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4. Following balances have been taken from the Cost Ledger of Dhiraj Company Ltd. as on 31-3-2016 :

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Particular	Debit (₹)	Credit (₹)
Stores Ledger Control A/c.	1,45,000	—
Work-in-Progress A/c.	1,12,000	—
Finished Goods Control A/c.	1,01,000	—
General Ledger Control A/c.	—	3,58,000
	<b>3,58,000</b>	<b>3,58,000</b>

Following were the transactions during the year : ₹

Purchase of stores	5,00,000
Stores issued to production	5,80,000
Indirect materials issued to production	10,000
Abnormal wastage of materials	8,000
Direct wages	6,00,000
Indirect wages	60,000
Carriage inward	8,000
Actual factory overheads paid	2,50,000
Factory overheads absorbed by production	3,10,000
Actual office expenses paid	55,000
Office expenses absorbed by finished goods	65,000
Actual sales expenses paid	16,000
Cost transferred to finished goods	14,25,000
Cost of Sales	14,89,000
Sales	20,00,000

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

OR

(A) Describe advantages and limitations of Non-Integral Accounting.

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(B) Write short notes on cost of sales.

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5. Do as directed :

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- (1) In Oil Refinery \_\_\_\_\_ method is used. (Job costing / Process costing)
- (2) Carriage outward expenses are recorded under \_\_\_\_\_ overhead. (office / selling)
- (3) Basic objective of cost accounting is \_\_\_\_\_ (Cost ascertainment / Profit Analysis)
- (4) Discount on debenture is not shown in cost sheet. (True / False)
- (5) Direct expenses are also called \_\_\_\_\_ (Chargeable Exp. / Overhead Exp.)
- (6) Material purchase for special job is debited to W.I.P. A/C. (True / False)
- (7) Bad debts is a selling overhead. (True / False)
- (8) 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
- (9) Rent of a special plant / machinery will be included in :
  - (a) Direct or chargeable expenses
  - (b) Direct material
  - (c) Direct labour
  - (d) Factory cost
- (10) From the following, which item is not shown in cost sheet ?
  - (a) Materials
  - (b) Carriage outwards
  - (c) Salary
  - (d) Dividend paid
- (11) In Cost Sheet, Donation is shown as
  - (a) Factory overhead
  - (b) Administrative overhead
  - (c) Distribution overhead
  - (d) None of the above
- (12) Recorded in Profit & Loss A/c, but not recorded in Cost accounts
  - (a) Salary
  - (b) Company Income Tax
  - (c) Office Expense
  - (d) Office rent
- (13) Due to under recovery of overheads in Cost Accounts, the profit of the Cost Accounts -
  - (a) Increases
  - (b) Decreases
  - (c) Remains constant
  - (d) Decreases by double the amount of under recovery
- (14) Give the meaning of term "Store Inward Book".  
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