Seat No. : _______________

XP-102

April-2013

B.B.A. (Sem. – II)

COST ACCOUNTING : CC-109

Time : 3 Hours] **[Max. Marks : 70**

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

1. The balances in the Cost Ledger of Rani Ltd. on 1st January 2012 was as follows : **14**

Particulars	**Dr (₹)**	**Cr (₹)**
Stores Ledger Control Account	3,200	–
Work-in-progress Ledger Control Account	4,870	–
Finished Goods Ledger Control Account	6,200	–
General Ledger Adjustment Account	–	14,270
Total	**14,270**	**14,270**

Transactions during the year :

	₹
Purchases	13,000
Carriage Inward	226
Stores issued to production department	13,800
Direct Wages	13,320
Indirect Wages	4,680
Factory Expenses	13,400
Materials issued for repairs	120
Cost of completed production	49,254
Cost of finished goods sold	49,000
Selling expenses paid and absorbed	1,134
Office and Administrative expenses	2,650
Expenses allocated to work-in progress :	
Factory Overheads	18,266
Office and Administrative overheads	2,630
Sales	50,134

Prepare necessary Ledger Accounts as per non integrated system and also prepare a Trial Balance as on 31st December, 2012.

OR

(a) Write short notes on : **7**

(1) Cost Ledger Adjustment Account

(2) Cost of Sales Account

(b) The following information is given by T.K.B. Ltd. for the month of April 2012. You are required to pass necessary Journal Entries in the books of the company as per non-integral system. **7**

Particulars	**₹**
Purchases of materials	4,00,000
Direct Wages	16,000
Indirect Wages	24,000
Material issued to production	3,10,000
Factory expense paid	50,000
Factory expenses recovered	35,000
Office expenses paid	20,000
Office expenses recovered	18,200
Sales	7,00,000
Cost of sales	6,30,000
Finished goods produced	6,80,000

2. (a) Explain the advantages of Cost Accounting. **7**

OR

Explain with example classification of cost for managerial decision making.

(b) Discuss the functions of Cost Accountant. **7**

OR

Explain the functional classification of cost with examples.

3. (a) Beta Co. Ltd. manufactures and sales 1000 iron boxes for the year ending 31st March 2011. The summarized Trading, Profit and Loss Account is shown as follows : **7**

Particulars	Amt	Particulars	Amt
To Cost of materials	1,00,000	By Sales	5,00,000
To Direct Wages	1,50,000		
To Direct Expenses	80,000		
To Gross Profit	1,70,000		
	5,00,000		**5,00,000**
To Management & Staff Salary	80,000	By Gross Profit	1,70,000
To Rent, Rates & Taxes	15,000		
To Selling Expenses	25,000		
To General Expenses	30,000		
To Net Profit	20,000		
	1,70,000		**1,70,000**

For the year ending 31st March 2012 it is estimated that :

(1) Output and sales will be of 1500 iron boxes.

(2) Prices of Raw Materials will increase by 25% as compared to last year.

(3) Wages will rise by 20%.

(4) Direct expenses will rise in proportion to the combined cost of materials and wages.

(5) Selling cost per unit will remain unaffected.

(6) Other expenses will remain unaffected by the rise in output.

You are required to submit a statement to the Board of Directors showing the price at which iron boxes should be marketed so as to show a profit of 20% on selling price for the year ending 31st March 2012.

OR

(a) Write a short note on "Tender Price".

(b) The following particulars have been extracted from the books of AB Co. Ltd. for the month of December 2012. **7**

Particulars	**₹**
Stock of Materials :	
On 1st Dec 2012	40,000
On 31st Dec 2012	50,000
Materials purchased during the month	2,00,000
Drawing office salary	9,000
Counting house salary	9,000
Carriage on Purchases	4,000
Carriage on Sales	4,000
Cash discount allowed	2,750
Bad Debts written off	3,000
Repairs of Plant and Machinery	8,000
Rent, Rates, Taxes & Insurance (factory)	4,000
Rent, Rates, Taxes & Insurance (office)	600
Travelling Expenses	3,000
Travellers Salary and Commission	10,000
Productive Wages	1,20,000
Depreciation Written Off :	
On Plant and Machinery	6,000
On Office Furniture	400
Directors Fees	5,000
Gas and Water charges :	
Factory	1,000
Office	250
General Charges	4,750
Manager's Salary	18,000
Sales	5,00,000

Out of 48 working hours in a week the time devoted by the manager to the factory and office was on an average 40 hours and 8 hours respectively. 1,00,000 units were produced and sold there was no opening and closing stock of finished goods. Prepare a cost sheet showing total profit and profit per unit.

OR

(b) From the following information of Dnemark Ltd., you are required to prepare a Cost Sheet for the year 2012 :

Particulars	₹
Opening stock of materials	15,000
Purchases of Materials	1,15,000
Closing stock of materials	20,000
Direct wages of materials	30,000
Other direct expenses	15,000
Factory overheads – 100% of Direct wages	
Office Overheads – 10% of factory cost	
Selling expenses – ₹ 3 per unit	
Units of finished products ;	
Opening stock (₹ 26,500)	2,000 units
Closing stock	30,00 units

Production during the year was 20,000 units. Assuming that the profit margin is uniformly made to yield profit of 20% on sales price. Find selling price per unit. (Assume that there is no opening and closing stock of work in progress).

4. (a) During the year 31st March 2012 the Akil Ltd. stood at ₹ 72,900 as per Financial books. The cost books showed profit of ₹ 1,03,900 for the same period. You are required to prepare a Reconciliation statement from the information given below : **7**

Particulars	Amt
(1) Opening stock overstated in Cost Accounts	7,000
(2) Closing stock understated in Cost Accounts	9,200
(3) Factory Overheads under-recovered in Cost Accounts	5,000
(4) Administrative overheads over-recovered in Cost Accounts	1,500
(5) Selling and distribution expenses under-recovered in Cost Accounts	3,300
(6) Depreciation over-recovered in Cost Accounts	3,000
(7) Interest on Investments not included in Cost Accounts	10,000
(8) Obsolescence loss relating to machinery charged in Financial Accounts	4,900
(9) Income tax provided in Financial Accounts	50,000
(10) Bank Interest credited in Financial Accounts	3,000
(11) Stores adjustments debited in financial books only	1,500

OR

(a) In the books of Rakhi Ltd. the profit as per Cost Accounts is ₹ 1,65,300 and profit as per Financial Accounts is ₹ 1,58,700. Prepare a Reconciliation Statement from the below information.

(1) Overheads charged in financial books is ₹ 1,21,200 but recovered in costing ₹ 1,26,200.

(2) Preliminary expenses written off ₹ 13,000 but not charged in Cost Accounts.

(3) Rent charged in cost books but not in Financial books ₹ 6,000.

(4) Directors fees paid ₹ 1,000, Interest paid ₹ 800, Reserve for doubtful debts ₹ 500, transfer fees collected ₹ 300. Dividend received ₹ 200 are recorded only in financial books.

(5)

Particulars	**Information (₹)**	
	Cost Books	**Financial Books**
Opening Stock :		
Material	32,600	33,000
Work-in-progress	20,000	21,000
Closing Stock :		
Materials	36,000	34,400
Work in progress	16,000	15,200
Finished goods	8,000	9,000

(b) Explain the causes of difference between Profit shown in Cost Accounts and Financial Accounts. **7**

OR

(b) From the following information of Nitin Company Ltd., prepare :

(1) Cost Sheet

(2) Reconciliation Statement :

Cost per unit details are as under :

Materials expenses	₹ 20 per unit
Wages	₹ 15 per unit
Factory Overheads	20% of prime cost
Office Overheads	₹ 3 per unit
Selling Overheads	₹ 2 per unit

Dr. **Profit & Loss Account** **Cr**

Particulars	Amt	Particulars	Amt
To Opening Stock (finished goods 1000 units)	50,000	By Sales	9,00,000
To Material	4,00,000	By Closing stock of finished goods (3000 units)	1,40,000
To Wages	3,00,000	By Interest and Dividend	8,000
To Factory Expenses	1,50,000	By Discount	2,000
To Office Expenses	65,000		
To Selling Expenses	35,000		
To Goodwill written off	5,000		
To Preliminary Expenses written off	3,000		
To Provision for taxation	2,000		
To Net Profit	40,000		
	10,50,000		**10,50,000**

Production during the year = 20,000 units.

5. Do as directed :

(a) Explain the concepts (any **two**) : **2**

(1) Batch Costing

(2) Cost Accounting

(3) Costing Profit and Loss Account

(b) Fill in the blanks (any **six**) : **6**

(1) In cement industry __________ type of method of costing is used (job/unit)

(2) Variable cost per unit remains __________. (fixed/variable)

(3) As per __________ costing cost per unit of service rendered is ascertained (operating/operation).

(4) In a factory 1000 units are manufactured during a month out of which 900 are sold. The total factory cost is ₹ 2,40,000 and administrative overheads is 15% of factory cost. If selling expenses are ₹ 11,600, then the value of closing stock will be __________. (31,200/27,600)

(5) Dividend received is not shown in _________. (Cost Sheet / Profit & Loss Account)

(6) For abnormal loss of material _________ account would be debited. (Costing Profit & Loss Account / Stored Ledger Control Account)

(7) The closing balance of finished goods ledger control Account is transferred to _________. (Cost of Sales Account / General Ledger Adjustment Account)

(c) State whether the following statements are true or false (any-**6**) : **6**

(1) Work in progress is generally valued at prime cost.

(2) Factory Cost + Office Overheads + Opening Stock of Finished Goods + Closing Stock of finished goods = Cost of Production.

(3) Standard Cost is the one which includes only variable cost and not fixed cost.

(4) When loss per cost accounts is ₹ 30,000 and goodwill written off is ₹ 2,000 the loss as per financial books will be ₹ 32,000.

(5) Dividend to shareholders is purely financial item and not recorded in Cost Accounts.

(6) When stores are transferred directly from one job to another job stores control account is debited.

(7) The balance of cost of sales account is transferred to Cost Ledger Control Account.