B.B.A. (Part-II) (CBCS Pattern) Semester - III

UCB3C06 - Cost Accounting

P. Pages : 4 **GUG/S/23/10603**

Time : Three Hours * 0 9 3 4 * Max. Marks : 80

Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) Explain the importance & scope of cost Account. **8**

b) The following extract of costing information relates to a company for year ending 31st March 2020 **8**

	Rs.
Purchases of Raw materials.	1,32,000
Direct wages	1,10,000
Rent, Rates, Insurance & works on cost	44,000
Carriage inwards	1,584
Stock [1st April 2019]:	
Raw materials	22,000
Finished products [1,600 Tons]	17,600
Work in progress	5,280
Stock [31st March 2020]	
Raw materials	24,464
Finished products [3,200 Tons]	35,200
Work in progress	17,600
Cost of factory supervision	8,800
Sales – finished products	3,30,000
Advertising discount allowed and selling expenses per ton Rs. 75 paise	
Commodity produced during the year (tons)	25,600

You are required to as certain :

i) Value of Raw material used,

ii) Cost of output

iii) Cost of turnover

iv) Net profit

OR

c) A television manufacturing company finds that in 2021 it cost him Rs. 6,16,000 of manufacturing 100 television which he sold at Rs. 8,000 each cost was made up of **16**

	Rs.
Materials	2,00,000
Direct wages	3,00,000
Factory overhead expenses	60,000
Office overhead expenses	56,000
	6,16,000

For 2022 season he estimates:

a) That each television will require materials to the value of Rs. 2,000 and wages of Rs. 3,000.

b) That the factory overhead expenses will bear the same relation to direct wages as in the previous year.

c) That the percentage of office overhead expenses on factory cost will be the same as in the previous year.

Prepare a statement showing the profit he should make per unit if he enhances the price of the television by Rs. 160.

2. a) Prepare the reconciliation statement from the following data. **8**

	Rs.
Net loss as per cost accounts	34,480
Net loss as per financial accounts	43,209
Works overhead under recovered in cost A/c	624
Depreciation overcharged in cost accounts	260
Administration overheads recovered in excess	340
Interest on investment	1,750
Goodwill written off in financial books	1,140
Income tax paid	8,060
Store adjustment [Credit in financial books]	95
Depreciation of stock charged in financial books]	1,350

b) From the following figures prepare a reconciliation statement. **8**

	Rs.
Net profit as per financial records	1,28,755
Net profit as per costing records	1,72,400
Works overhead under recovered in costing	3,120
Administrative overhead recovered in excess	1,700
Depreciation charged financial records	11,200
Depreciation recovered in costing	12,500
Interest received but not included in costing	8,000
Obsolescence loss charged in financial record	5,700
Income tax provided in financial books	40,300
Bank interest [credited in financial book]	750
Store adjustments [credited in financial books]	475
Depreciation of stock charged in financial books	6,750

OR

c) From the following particulars prepare: **16**

i) Statement of cost of manufacture

ii) Statement of profit as per cost accounts

iii) Profit and loss account in the financial book and

iv) Reconciliation statement of both the profits.

	Rs.
Opening stock of raw materials	30,000
Opening stock of finished goods	60,000
Purchase of raw materials	1,80,000
Stock of raw materials at the end	45,000
Stock of finished goods at the end	15,000
Wages	75,000

Calculate the factory expenses at 25% on prime cost and office expenses at 75% on factory expenses.

Actual works expenses amounted to Rs. 58,125 and actual office expenses amounted to Rs. 45,750. The selling price was fixed at a profit of 25% on cost.

3. a) The product of a manufacturing concern passes through two processes 'A' & 'B' and then finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from process 'A' & 'B' realises Rs. 80 and Rs. 200 per tonne respectively. **8**

The following are the figures relating to both the process.

	Process A	Process B
Materials in tonnes	1,000	70
Cost of material per tonne	125	200
Wages [Rs]	28,000	10,000
Manufacturing expenses [Rs]	8,000	5,250
Output tonnes	830	780

Prepare process Account showing cost per tonne of each process. There was no stock or work in progress in any process.

b) A product passes through three processes process A, B, & C and then to completion. During the month January 2021 the finished product was 1,000 units and the following was the expenditure. **8**

	Process		
	A [Rs]	B [Rs]	C [Rs]
Materials	2,000	4,000	2,000
Labour	10,000	8,000	6,000
Direct expenses	1,000	1,200	2,000

Indirect expenses amounted in all Rs. 12,000. These are to be allocated on the basis of labour charges. Raw materials worth Rs. 12,000 were issued to process 'A'.

OR

c) Hindi products Ltd. manufacture and sell their chemicals produced by three consecutive processes. The product of these processes are delt with as under. **16**

	Process		
	I	I	III
Transferred to next process	66.67%	60%	-
Transferred to warehouse	33.33%	40%	100%

In process 4% of weight put in is loss and 6% is scrape which from process one (I) releases Rs. 3 per kg. and from process Two (II) Rs. 5 per kg. and from third (III) process Rs. 6 per kg.

The following particulars relate to April 2020

Particulars	Process		
	I	II	III
Raw materials used [kg]	1,400	160	1,260
Raw materials per kg [Rs]	10	16	7
Wages and other expenses [Rs]	5,152	3,140	2898

Prepare process Accounts showing cost per kg. of each process.

4. a) The following expenditure was incurred on contract of 12,00,000 for the year ending 31-12-2021. **8**

	Rs.
Materials	2,40,000
Wages	3,28,000
Plant	40,000
Overheads	17,200

Cash received on account of the contract of 31st Dec. 2021 was 4,80,000 being 80% of the work certified. The value of materials in hand was 20,000. The plant had under gone 20% deprecation.

b) The following were the expenses on a contract which commenced on 1st January 2019. **8**

	Rs.
Materials purchased	1,10,000
Material at the end	1,250
Direct wages	15,000
Plant issued	5,000
Direct expenses	8,000

The contract price was 1,50,000. It was duly received when the contract was completed on 31st – March – 2019. Charge indirect expenses at 15% on wages and provide 1,000 for depreciation on plant.

Prepare the contract account and contractee's account.

OR

c) A Construction Company Ltd. have under taken the construction of a bridge over the river. The value of the contract is Rs. 21,87,500 subject to retention of 20% until one year after certified completation of the contract, and final approval of the engineer. **16**

The following are the details as shown in the book on 30th June 2021.

	Rs.		Rs.
Cash received on Account	15,40,000	Materials in hand [30th June 2021]	11,025
Amount certified by engineer	19,25,000	Direct expenses accrued [30th June 2021]	2,800
Materials	7,35,000	Hire and use of plant	21,175
Materials from store	1,42,100	Direct expenses	40,250
Wages	7,08,750	General overhead Rs.	64,925
Wages accrued [30th June-2021]	13,650	Work not yet certified	28,875

Prepare (a) contract account (b) contractee's account and (c) How it would appear in the balance sheet.

5. Write short notes:

a) Advantages of cost accounting. **4**

b) Needs of reconciliation. **4**

c) 'Abnormal wastage' in process account. **4**

d) Certified work. **4**

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