

B.B.A. (CBCS Pattern) Sem-III
UCB3C06 - Cost Accounting

P. Pages : 4

Time : Three Hours



GUG/W/22/10603

Max. Marks : 80

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

1. a) What is Cost Accounting? Explain its scope. 8
b) The following data relate to the manufacture of a standard product during the month of March 2019. 8
Raw Material consumed Rs. 15,000
Direct Wages Rs. 9,000
Machine Hours Worked 900
Machine Hour Rate Rs. 5.00
Office overhead 20% on work cost
Selling and distribution overhead 50 paise per unit
Units produced 17,100
Units sold 16000 @ Rs. 4
You are required to prepare a cost sheet in respect of the above showing -
i) Cost of Production per unit ii) The profit per unit sold
iii) The profit for the period

OR

- c) A firm manufactured and sold 100 refrigerators in the year 2015. Its summarized Trading and Profit and Loss Accounts is given below : 16

Particulars	Rs.	Particular	Rs.
To Materials	80,000	By Sale	4,00,000
To Direct Wages	1,20,000		
To Manufacturing Charges	50,000		
To Gross Profit c/d	1,50,000		
	4,00,000		4,00,000
To Salaries	60,000	By Gross Profit b/d	1,50,000
To Rent	10,000		
To General Exp.	20,000		
To Selling Exp.	30,000		
To Net Profit	30,000		
	1,50,000		1,50,000

For the year 2016 it is estimated :

- a) The output and sale will be 80 refrigerators.
b) Price of materials will rise by 20% on the previous year level.
c) Wages rate will rise by 10%
d) Manufacturing charges will increase in proportion to the combined cost of materials and wages
e) selling cost per unit remain unchanged.
f) Other expenses will remain unaffected by the fall in output.

Prepare a statement showing the price at which each refrigerator to be manufactured in 2016 should be sold so as to show a profit of 20% on cost price.

2. a) The profit disclosed by the company's cost account for the year 2015 was Rs.30,114 but net profit as per financial account is Rs.19,760 on reconciling the figures the following differences are brought to light. 8
- Overheads estimated in cost account Rs.7,500 but charged in financial account Rs.6,932.
 - Director's fees not charged in cost account Rs.750.
 - Bad debt reserve as per financial account Rs.600
 - Company purchase machine for Rs.12,000 on which 5% depreciation was provided in financial account.
 - Transfer fees Rs.28
 - Income tax charged in financial account Rs.9000
- Prepare reconciliation statement.

- b) Trading and Profit & Loss account of M/s Trupti Company for the year ended 31-3-2016 is as follows: 8

Trading and Profit & Loss Account

Particulars	Rs.	Particular	Rs.
Materials	2,34,000	Sales	7,12,500
Wages	1,83,000		
Work Expenses	82,000		
Office Expenses	75,000		
Net Profit	1,38,500		
	7,12,500		7,12,500

Cost books shows the following

	Rs.
i) Materials	2,34,000
ii) Wages	1,83,000
iii) Works overhead	1,46,400
iv) Office on cost	1,12,680

Find out profit as per cost books by preparing reconciliation statement.

OR

- c) Trading and Profit & Loss Account of M/s. Jain Brothers for the year ended 31st March 2014 is given below: 16

Particulars	Rs.	Particulars	Rs.
To Materials	1,00,000	By Sale (10,500 units)	2,62,500
To Wages	50,000	By Closing Stock of	9,100
To Factory Expenses	45,000	finished goods (500	
To Gross Profit c/d	76,600	units)	
	2,71,600		2,71,600
To Office expenses	23,000	By Gross Profit b/d	76,600
To Selling expenses	11,000	By dividend received	1,400
To Goodwill written off	2,000		
To Net Profit	42,000		
	78,000		78,000

Other Information:

- In cost books factory overhead are charged at 100% of factory of wages.
- Administration overhead are charged at 10% of factory cost.
- Selling overheads were charged at Rs.1 per unit sold.

You are required to prepare:

- Statement of cost and
- Reconciliation statement.

3. a) The Bengal Chemical Co. Ltd. is production passes through two processes 'A' and 'B' It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from process 'A' and 'B' realise Rs.80 and Rs.200 per ton respectively. 8

The following are the figures relating to both the processes.

Items	Process 'A'	Process 'B'
Materials in tons	1000	70
Cost of materials in Rs. per ton	125	200
Wages in Rs.	28,000	10,000
Manufacturing Exp. in Rs.	8,000	5,250
Output in tons	830	780

Prepare process cost account showing cost per ton of each process.

- b) A product passes through three different processes. It is ascertained from the past record that there is a normal wastage of 10% of in bal. following information is available for process I 8

Materials brought in 10,000 units @ Rs.2 per unit

Wages Rs. 15,000

Direct Expenses Rs.10,000

Actual Production 8500 units

Prepare Process I account.

OR

- c) BENAZIR chemicals ltd. manufactures their chemicals by consecutive processes. The product of these processes are dealt with as under: 16

	Process I	Process II	Process III
Transferred to next process	2/3	70%	-
Transferred to warehouse for sale	1/3	30%	100%

In each process 4% of the weight put in loss and 6% is scrap. Which from Process I realises Rs.300 per 100 units from Process II Rs.500 per 100 units and from Process III Rs.600 per 100 units.

The following particulars relates to January 2018.

	Process I	Process II	Process III
Raw Materials used in units	14,000	1,600	12,600
Rate per unit	Rs.10	Rs.18	Rs.8
Wages and other expenses	Rs.61,522	Rs.36,402	Rs.32,000

Prepare process accounts showing cost per unit produced in each process.

4. a) A building contractor took a contract for the construction of a building on 1st Jan. 2018. The contract price was agreed at Rs.5,00,000. The contractor had made the following expenditure during the year. 8
- Contract was completed on 31st December 2018.

	Rs.
Material (1-1-2018)	50,000
Material purchased	90,000
Direct expenses	60,000
Indirect Expenses	60,000
Plant Purchased	80,000
Material Received from 'B' contract	20,000
Material Supplied from Godown	50,000
Material returned to Godown	5,000
Material transfer to 'C' contract	10,000
Theft of materials	6,000

Material destroyed	2,000
Sale of Material (cost value Rs. 5000)	4,000
Sale of material (cost value Rs.2000)	3,000
Stock of materials (31-12-2018)	20,000
Stock of plant (31-12-2018)	70,000

Prepare contract account and contractee account in the books of contractor.

- b) The following was the expenditure upto 31st December 2013 on a contract for Rs.5,00,000 commenced on 1st July 2013. 8

	Rs.
Materials	1,00,000
Wages	1,35,000
Supervision	500
Plant	18,000
Other charges	7,500

Cash received from the contractee upto 1st Dec. 2013 amounted to Rs.2,00,000 being 80% of the work certified, work completed but not certified on 31st Dec.2013 amounted to Rs.8,000. The value of material on hand at site on 31st Dec. 2013 was Rs.1,500.

Prepare contract account showing the position on 31st Dec. 2013 and amount which you consider reasonable to be transferred to the profit and loss account after allowing depreciation on plant @ 20% per annum.

OR

- c) M/s. Meghaj and Company commenced work on a contract on 1st April 2017. Value of the contract was Rs.25,00,000 following information is available from the books of Meghaj and company for the year ended on 31st March 2018 the information relates to the contract mentioned above, as per the terms of contract the contractee is entitled to remain amount equivalent to 20% of certified work for a period of one year after certificate of completion of work is obtained: 16

	Rs.
Wages on contract paid	8,10,000
Direct material less returned from contract site	8,40,000
Machinery used at contract site and expenditure on machinery	27,400
Works completed but not certified	33,000
Material at hand on 31 st March 2018	12,600
Material sent at site from Godown	1,62,400
General overhead charged to contract	74,200
Direct expenses	46,000
Wages outstanding on 31-3-2018	15,600
Cash received from contractee	17,60,000
Work certified	22,00,000

Write contract account contractee account in the books of M/s. Meghaj and company and show how these items shall appear in the balance sheet of 31st March 2018.

5. Write in short answer -

- Objectives of Cost Accounting. 4
- Explain the purpose of reconciling the profit of cost accounts and financial accounts. 4
- What do you understand by "Abnormal Wastage" and "Abnormal Effective"? 4
- Distinguish between "Work Certified" and "Work Uncertified" in respect of a contract account. 4
