

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

P. Pages : 4

Time : Three Hours



GUG/S/25/10603

Max. Marks : 80

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

1. a) Discuss briefly the limitation of Cost Accounting. 8
- b) Prepare cost sheet showing clearly the cost per unit under various element of cost and also the profit or loss per unit for the year ended 31st Dec 2018. 8

Particular	Amount
Opening stock of Raw material	3,00,000
Closing Stock of Raw Material	1,00,000
Purchase of Raw Material	22,00,000
Depreciation of factory Building	15,000
Salaries	3,00,000
Finished goods warehouse expenses	20,000
Office and administration expenses	40,000
Direct wages	5,00,000
Indirect wages	10,000
Electricity (3/4 Factory: 1/4 office)	40,000
Advertisement	20,000
Factory expenses	3,40,000
Sales Commission	5,000
Rent (2/3 factory: 1/3 Office)	60,000
Expenses for participation in industrial exhibition	10,000
Sales	40,00,000
Unit produced & Sold	10,000

30% of salaries belong to factory, 50% belongs to office and rest belongs to Sales Department.

OR

- c) A firm manufactured and sold 1000 typewriters in the year 2022. It summarized Trading and Profit & loss account for the year 2022 is set cut below. 16

Particular	Amount	Particular	Amount
To Cost of Material	80,000	By Sales	4,00,000
To Direct wages	1,20,000		
To Manufacturing Charges	50,000		
To Gross Profit	1,50,000		
	4,00,000		4,00,000
To Management & Staff Salary	60,000	By Gross Profit	1,50,000
To Rent Rates & Insurance	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 2023 it is estimated that

1. Output and sales will be 1,200 Typewrite.
2. Price of Material will rise by 20% on the previous year level.
3. Wages rate will rise by 5%.
4. Manufacturing charges will increase in proportion to the combine cost of Material & wages.
5. Selling Cost per unit will remain unchanged.
6. Other expenses will remain unaffected by rise in the output.

Prepare a statement showing the price of which the type writer to be manufactured in 2023 should be marketed so as to show profit of 10% on selling price.

2. a) Khushi Manufacturing Company the net profit for the year ended on 31st March 2021 Rs. 64,377 as per financial books for the same period profit as per cost book Rs 86,200. The following information will be received after the comparing the both account. Prepare reconciliation Statement. 8

Sr. no	Particular	Amount
1.	Factory overheads undercharge in cost account	1,560
2.	Office overhead overcharged in cost account	850
3.	Depreciation as per financial books	5,600
4.	Depreciation as per cost books	6,250
5.	Interest on investment was not included in cost book.	4,000
6.	Loss by the sale of asset	2,850
7.	Income tax charge in financial books	20,150
8.	Interest on Bank deposit and transfer fees in financial books.	375
9.	Material adjustment (credited in financial book)	237
10.	Loss by the depreciation charge on opening stock (in financial book)	3,375

- b) The net profit shown by financial account of a company amounted to Rs. 2,85,500. While the profit as per cost account for that period were Rs. 3,88,600. On reconciliation the following difference were noticed. 8

- 1) The following items were included in the financial books:-
 Directors fees Dr Rs 6500
 Bank Interest Cr Rs 300
 Income Tax Rs 83,000
- 2) Bad & Doubtful debts for Rs 5,700 were written off in financial books.
- 3) Overheads in cost account absorbed were Rs 85,000 while the actual were Rs 83,200.
- 4) A net loss of Rs 10,000 on sale of old machinery was dealt with in the financial books.

Reconcile the profit between the cost and financial account.

OR

- c) Rahul Co. Ltd. Has furnished you the following information from the financial books for the year ended 30th June 2023

16

Particular	Amount	Particular	Amount
To Opening Stock 500 units at Rs 35 each	17,500	By Sales 10250 units	7,17,500
To Material Consumed	2,60,000		
To Wages	1,50,000	By Closing Stock 250units @ Rs 50 each	12,500
To Gross Profit	3,02,500		
	7,30,000		7,30,000
To Factory overhead	94,750	By Gross Profit	3,02,500
To Administrative Overhead	1,06,000	By Interest	250
To Selling Expenses	55,000	By Rent received	10,000
To Bad Debt	4,000		
To Preliminary Exp.	5,000		
To Net profit	48,000		
	3,12,750		3,12,750

Cost sheet shown the cost of Material at Rs 26 per unit and the labor cost at Rs 15 per unit. Factory overheads are absorbed at 60% of labor cost and administrative overhead at 20% of factory cost. Selling expenses are charged at Rs 6 per unit. Opening stock of finished goods is Valued at Rs 45 per unit. You are required to prepare.

- 1) A statement showing profit as per cost account for the year ended 30th June 2023.
- 2) A statement showing the reconciliation of profit disclosed in cost account with the profit shown in the financial account.

3. a) From the following prepare process account.

8

Particular	A Rs	B Rs	C Rs
Material & Wages	6,400	12,000	29,250
Factory overheads	5,600	5,250	6,000
Production in Units	36,000	37,500	48,500
Stock in unit 1 st July 2022	---	4,000	16,500
Stock in units 30 th July 2022	---	1,000	5,500

- b) Following information relating with the month of 2022. The production for the period 400 gross bottles.

8

Particular	A Rs	B Rs	C Rs
Material	5,000	2000	3,000
Wages	Labour 200 @ 5 Rs per day for 40 Days	Lsbour 100 @ Rs 100 per day for 40 days	Lsbour 50 @ Rs 20 per dayfor 2 20 days
Factory Exp. (% of wages)	100%	80%	200%
Electric Exp.	1000	1000	1000
Cost of Bottles	----	2000	----
Cost of Cooks	----	----	500
Sale of Scrap	200	800	1000

Prepare process account and show per gross cost of each process.

OR

- c) Product X is obtaining after it passes through three distinct process. You are required to prepare process account from the following information 16

Particular	Total	I	II	II
Material	15,084	5,200	3,960	5,924
Direct Wages	18,000	4,000	6,000	8,000
Production overhead	18,000			

1000 Unit @ Rs 6 per unit were in produced in process I Production overheads distribution as 100% indirect wages.

Actual Output	Unit	Normal Loss	Value of Scrap per Unit
Process I	950	5%	4
Process II	840	10%	8
Process III	750	15%	10

4. a) Prepare Contract account 8
 Contract Price Rs 6,00,000 Direct wages Rs 65,000, Work certified Rs 1,50,000, Other expenses Rs 6,500, Material Issued Rs 95,000, Plant Issued to contract Rs 20,000, Plant In Hand Rs 18,000, Material in Hand Rs 2,500, Cash received 80% of work certified.

- b) How much of profit if any would you allow to be considered in the following case? 8

Contract Cost	2,80,000
Contract Value	5,00,000
Cash received	2,70,000
Uncertified work	30,000

Deduction from bills by way of security by 10%

OR

- c) Following information related to contract no 16 is available from the contract leadger of a contractor for 31st March 2020. Prepare contract A/C WIP a/c & Balance Sheet. 16

Material Supplied for the Contract Work	42,000
Wages	18,900
Direct Expenses	15,200
Machinery sent to contract	34,200
Sale of Scrap	1,800

Following Additional information is provide:-

- On 31st March 2020 direct exp. Rs 1000 were outstanding
- Work uncertified Rs 5,000
- Machinery valued at Rs 2,000 and material costing Rs 3,000 were loss due to theft.
- Machinery costing Rs 4,000 was sold for Rs 3,000 and material costing Rs 5,000 was sold for Rs 6,000.
- Depreciation on Machinery upto 31st March 2020 was Rs 10,000.
- Stock of Material at site on 31st March 2020 was Rs 5,000
- Cash received from the Contractee was Rs 60,000 which is 80% of the work certified.
- Value of Contract was Rs 60,000.

5. Write short answer.

- Methods of Costing. 4
- Needs for Reconciliation Statement. 4
- Advantages of Process Costing. 4
- Retention Money. 4
