

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA Summer 2021 - 22 Examination**

**Semester: 2****Subject Code: 06101151****Subject Name: Cost Accounting****Date: 19/05/2022****Time: 10:30 am to 01:00 pm****Total Marks: 60****Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as Directed.****A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. .... Is defined on the guidance and regulation by executive action of cost operating and under taking
  - a) Cost reduction
  - b) Cost control
  - c) Cost estimation
  - d) Cost account
2. Element of cost refers to .....
  - a) Component cost
  - b) Components of cost
  - c) Prime cost
  - d) Cost of Material
4. Cost centre is that .....
  - a) It uses only monetary information
  - b) It has clearly defined boundaries
  - c) It may be one specific location only
  - d) It must be an area of business through which product pass
5. Which of the following accounting system has wider scope?
  - a) Cost Accounting
  - b) Corporate Accounting
  - c) Company Accounting
  - d) Management Accounting
6. .... Account is used to reconcile the cost and financial Accounts
  - a) Memorandum reconciliation account
  - b) Memorandum of association account
  - c) Reconciliation Account
  - d) Article of association account

**B). Define the following. (Each of 1 mark)****(05)**

1. Cost of production
2. Sunk Cost
3. Integrated System
5. Reconciliation
6. Marginal Costing

**C). Direct questions. (Each of 1 mark)****(05)**

1. What is Notional Cost? Give its example
2. Write and explain the formula of Total Cost
3. State the advantages of unit costing
4. What is Cost center and cost unit
6. Define Direct Cost

**Q.2 Answer the following questions.**

- A).** Prepare a Reconciliation Statement from the following particulars: **(07)**

Particulars	Amount	Rs.
profit as per cost accounts		14550
profit as per financial accounts		14400
Works overheads under-recovered		950
Administration overheads under - recovered		2275
Selling overheads over - recovered		1950
Overvaluation of opening stock in cost accounts		1500
Overvaluation of closing stock in cost accounts		750
Interest earned during the year		375
Rent received during the year		2700
Bad debts written off during the year		900
Preliminary expenses written off during the year		1800

- B).** A Co. Ltd. has presently producing 1,600 units per month using 100% of its capacity. **(08)**

Find out Cost per unit from the information supplied to you. Also calculate the sales value to earn profit at 20% on Sales

Particulars	Rs.
Raw Materials	1,20,000
Direct Labour	32,000
Direct Expenses	40,000
Fixed Administrative Overheads	16000
Selling Expenses	24000
Variable Factory Expenses (Overheads)	12 per unit
Fixed Factory Overheads	16 Per unit
Distribution Expenses (75% Variable)	Rs. 20 Per Unit

**Q.3**

- A).** Define and Differentiate Financial Accounting and Cost Accounting. **(07)**

- B).** List out the cost control accounts and explain any two in detail **(08)**

**Q.4 Attempt any two questions. (Each of 7.5 mark) (15)**

- 1.** Krushabh Industries has supplied you the following information for the month December, 2017 :

Particulars	Rs.
Materials (Raw) purchased	12950
Stock of Materials an 1st December 2017	9360
Bad Debts	500
Travellers Salary and Commission	539
Depreciation on Office Furniture	21
Factory Rent	595
Productive Wages (Direct)	8820

Director's Fees	420
General Expenses	238
Gas and Water (Production)	84
Travelling Expenses of Sales Staff	147
Sales (2500 Units)	37500
Manager's Salary (2/3 factory, 1/3 office)	750
Depreciation on Plant and Machinery	910
Discount allowed	203
Repairs to Plant and Machinery	312
Carriage Outward	300
Direct Expenses	500
Rent, Rates, Taxes (Office)	140
Gas and Water (Office)	28
Stock of Material (Raw) on 31 <sup>st</sup> December 2017	396

You are asked to calculate cost per unit and Profit per unit

2. Why the profit of Cost Accounting and Profit of Financial Accounts are not match?
3. Define the term cost and Explain the classification of cost
4. From the following information you are requested to pass journal entries and prepare necessary accounts and trial balance under system of integrated account in the books of XYZ Co. Ltd.

<b>Particular</b>	<b>Rs.</b>
Material purchase on credit	29600
Wages paid	33600
Wages productive	29600
Wages unproductive	4000
Material issues to production	25600
Works expenses incurred	13000
Finished goods at cost	60000
Works expenses charged to production	17200
Administrative expenses	8800
Selling overhead paid & charged to sales	9000
Cash sales	78000
Administrative expenses charged to production	8700