

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA Winter 2019-20 Examination**

**Semester: 2**  
**Subject Code: 06101151**  
**Subject Name: Cost Accounting**

**Date: 06/12/2019**  
**Time: 10:30 am to 1:00 pm**  
**Total Marks: 60**

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**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. Which of the following account is given the main emphasis under non-integrated system?
  - a) Real Account
  - b) Personal Account
  - c) Nominal Account
  - d) All of these
2. For Road Transportation which type of costing is required?
  - a) Operation Costing
  - b) Batch Costing
  - c) Process Costing
  - d) None of These
3. Which of the following items is not recorded in financial accounts?
  - a) Interest on capital
  - b) Loss on sale of investment
  - c) Donation
  - d) Imputed factory rent.
4. Which of the following is not a costing method?
  - a) Standard Costing
  - b) Direct Costing
  - c) Absorption Costing
  - d) Process Costing
5. From the following, which item is shown in cost sheet?
  - a) Dividend Paid
  - b) Carriage outward
  - c) Salary
  - d) Material

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

1. Marginal Costing
2. Cost Auditing
3. Direct Expenses
4. Store Ledger
5. Sunk Cost

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

1. Explain term Overhead adjustment Account.
2. Give any two examples of Contract Costing.
3. What is the meaning of Prime Cost?
4. Give the meaning of term "Tender"
5. What is the meaning of Overheads?

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

- A).** What do you mean by Costing? Explain various Advantages and Limitation of Costing in detail. (07)

B). Munshi Co. Has supplied following cost data for the year 2018-19.

(08)

Particular	Amount
	Rs.
Stock of Finished goods(1-4-2017)	51,400
Stock of Finished goods (31-3-2018)	43,000
Purchase of Raw materials	2,00,000
Depreciation on machinery	8,500
Depreciation on furniture	5,210
Factory Rent	4,750
Direct Wages	1,20,000
Sales Revenue	5,04,000
Indirect Labour	1,250
Salary	16,480
Carriage Inward	2,000
Carriage Outward	1,450
Power	2,670
Income Tax	4,475
Donation	3,300
Advertisement Exp.	7,500
Packing Exp.	3,500
Office Rent	4,520
Manager's Salary (For factory 80% and for Office 20%)	12,000
Factory expenses	3,230
Printing And Stationary	6,990
Expenses for Delivery Van	7,550
Opening stock of Raw material	20,000
Closing stock of Raw material	16,000

Using above information prepare Cost sheet for the year 2019 and also calculate :

1. Percentage of factory overhead of direct labour
2. Percentage of office overhead of factory cost
3. Percentage of selling and administration overhead of cost of goods sold.

Q.3 Answer the following questions.

- A) The Financial profit and loss account of Anurag Co. Ltd. for the year ended on 31st march 2019 is as follows :

(07)

Particulars	Amount (in Rs)	Particulars	Amount (in Rs)
To materials consumed	50,000	By Sales	1,24,000
To Carriage inward	1,000	By Share transfer fees	200
To direct Wages	34,000		
To Works Expenses	12,000		
To administration expenses	4,500		
To Selling and distribution expenses	6,500		
To Debenture Interest	1,000		
Net Profit	15,200		
	1,24,200		1,24,200

The net profit shown by the cost accounts for the year is Rs. 16,270. Upon a detailed comparison of two sets of accounts it is found that :-

The amount charged in the cost accounts in respect of overhead charges are as follows :

Works overhead charges : Rs. 11,500

Office overhead charges : Rs. 4590

Selling and distribution expenses: Rs. 6640

Reconcile the profits shown by profit and loss account and cost account.

**B).** The following information of L & T Company is Obtained for the month of April, 2019 **(08)**

Particular	Amount
Op. Balance of Work-in-progress	10,000
Direct material issued to production	15,000
Indirect material issued to production	1,500
Direct Wages	14,000
Indirect Wages	1,000
Administration overhead	3,200
Administration overhead recovered	1,800
Closing Balance of Work-in-progress	3,100
Sales	80,000
Selling & Distribution Exp.	5,000
Opening Stock of Finished Stock	26,500
Closing Stock of finished Stock	14,700

From the above information, prepare following account:

1. Work-In-Progress Account
2. Finished Stock Control Account
3. Cost of sales Account
4. Costing Profit & Loss Account

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

1. Explain Various Cost classification in Details.

2. Total Production : 10,000 Units  
 Direct Materials : 12,500 kg at Rs. 12 per kg  
 Direct Wages : 18,750 hours at Rs. 10 per hour  
 Direct Expenses : Rs. 2500

Indirect Expenses of factory : Variable 40% of direct wages and fixed Rs. 35,000

Indirect expenses of administration : 20% of factory or works cost

Selling Cost : 10% of factory or works cost

During the month, spoiled materials Rs. 10,000 as scrap value.

Factory has sold total production so as to realize 20% profit selling price.

There were no finished goods in the beginning of the month or at the end of the month.

Prepare a cost sheet in the books of Hemali Co. Ltd. showing the total cost and cost per unit. Also find out total profit and profit per unit.

3. Prachi Beverages Ltd. has supplied following information using which prepare :

1. Profit and Loss Account
2. Cost Statement
3. Reconciliation statement

Opening stock of Raw materials	Rs. 2,00,000
Closing Stock of Raw materials	Rs. 4,00,000
Opening stock of Finished Articles	Rs. 5,00,000
Closing Stock of Finished Articles	Rs. 1,00,000
Purchase of Raw materials	Rs. 17,00,000
Wages	Rs. 7,00,000

Calculate : 1. factory overhead as 20% of prime cost

2. Office overhead as 80% of factory overhead

Actual factory expenses amounted to Rs. 4,54,300 and office expenses amounted to Rs. 3,71,900. The Selling price was fixed at a profit of 20% on cost.

4. The following figures have been taken from cost records of a factory and its financial books. you are required to pass journal entries in cost books (assuming that the factory employs control account system).

1. Purchase : Rs. 3,90,000
2. Carriage inward: Rs. 5,850
3. Material issued to production: Rs. 5,58,000
4. Productive Wages : Rs. 3,46,320
5. Unproductive Wages : Rs. 1,21,680
6. Factory Overhead : Rs. 3,48,400
7. Material used for repairs : Rs. 3,120
8. Cost of Finished job : Rs. 12,80,630