

Seat No. : 01778

**MC-105**  
May-2023  
**B.B.A., Sem.-II**  
**CC-109 : Cost Accounting**

Time : 2:30 Hours]

[Max. Marks : 70

- Instructions :** (1) Figures to the right indicate marks.  
(2) Show Calculation as a part of answer.

1. State the difference between Cost Accounting and Financial Accounting. 14

OR

- (A) Discuss the limitations of Cost Accounting. 7  
(B) Write short note on objectives of Cost Accounting. 7

2. Shailja Ltd. produced and sold 4,000 units of clocks at its 40% production capacity in the year 2021-22. Selling price per unit is ₹ 1,150 : 14

Particular	Per Unit (₹)
Materials	250
Direct wages	200
Direct expenses	150
Factory overheads (60% variable)	250
Office overheads (fixed)	50
Selling overheads (40% variable)	100
<b>Total Cost</b>	<b>1,000</b>

For the year 2022-23 it is estimated that :

- (1) Production will be at full capacity and 80% of production will be sold.
- (2) Cost of raw material, wages and direct expenses per unit will increase by 20%, 25% and 30% respectively.
- (3) All Variable overheads will increase by 20% per unit.
- (4) Fixed Factory, Office and Selling and Distribution Overheads will increase by ₹ 6,00,000, ₹ 4,00,000 and ₹ 2,96,000 respectively.
- (5) The Rate of profit on cost will remain same as per the last year.

From the above information, prepare the following statements :

- (i) A cost statement for the year 2021-22.
- (ii) A statement of cost showing estimated profit for the year 2022-23.

OR

- (A) Find out total cost and profit. There was no opening stock and closing stock. 7

Direct Material : ₹ 1,37,500, Direct Labour : ₹ 87,500, Total Sales : ₹ 5,80,000  
 Factory Overhead are 25% on Factory Cost. Office Overhead are 20% of Cost of Production and Selling and Distribution are 20% of Total Cost.

- (B) Write note on Direct expenses and Indirect expenses. 7

3. ✓ The following is the Financial Statement and Statement of Cost as on 31-3-2023. Prepare a Reconciliation Statement. 14

(Trading and Profit & Loss Account)

Particular	(₹)	Particular	(₹)
To Direct Material	3,35,000	By Sales (4,000 Units)	11,80,000
To Direct Labour	2,52,000	By Closing Stock (1,000 Units)	85,000
To Factory Overheads	4,77,000	<b>By Work in Progress :</b>	
To Gross Profit	3,33,000	Direct Material	35,000
		Direct Wages	52,000
		Factory Overheads	45,000
			1,32,000
	<b>13,97,000</b>		<b>13,97,000</b>

To Office Overheads	1,05,000	By Gross Profit	3,33,000
To Selling Overheads	92,000	By Interest Income	9,500
To Discount on debenture	5,500	By Rent Received	18,700
To Provision for Tax	20,600	By Discount Received	2,200
To Goodwill Written off	4,800	By Profit on Sale of Investment	10,900
To Charity Expenses	5,500	By Interest on Drawing	12,600
To Penalty	1,200	By Bad Debt Recovered	1,100
To Loss on Sale of Assets	800		
To Interest on Capital	6,800		
To Interest Paid	19,000		
Net Profit	1,26,800		
<b>Total</b>	<b>3,88,000</b>	<b>Total</b>	<b>3,88,000</b>

In cost accounts of the company :

- (1) Material and wages are charged at actual cost.
- (2) Factory expenses have been allocated to the production at 1/2 of wages.
- (3) Office expenses have been charged at 20% of factory cost.
- (4) Sales expenses have been charged at ₹ 30 per unit sold.

From the above information prepare :

- (i) Cost sheet
- (ii) Reconciliation statement

OR

(A) From the following Information of XYZ Ltd. prepare :

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- (i) Statement showing financial profit
- (ii) Cost sheet showing cost profit
- (iii) Reconciliation statement
- (1) Factory overhead are recovered at  $\frac{1}{2}$  of Wages and Office expenses are  $\frac{1}{3}$  of Factory cost.
- (2) Closing stock is 10% of output.
- (3) Sales is ₹ 18,50,000.
- (4) Actual Expenses are as under :

Material	7,00,000
Direct Wages	5,00,000
Factory Overhead	2,80,000
Office Expenses	2,10,000
<b>Total</b>	<b>16,90,000</b>

(B) Write a note on Reconciliation of Cost and Financial Accounts.

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4. Following balances have been taken from the Cost Ledger of Satyjeet Company Ltd. as on 31-12-2022 :

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Particular	Debit (₹)	Credit (₹)
Stores Ledger Control A/c	1,85,000	
Work-in-Progress A/c	1,97,000	
Finished Goods Control A/c	2,18,000	
General Ledger Control A/c		6,00,000
	<b>6,00,000</b>	<b>6,00,000</b>

Following were the transactions during the year :

Purchase of stores	3,15,500
Stores issued to production	3,65,000
Normal wastage of materials	2,000
Abnormal wastage of materials	4,000
Direct wages	82,000
Indirect wages	20,000
Carriage inward	4,000
Carriage outward	2,000
Actual factory overheads paid	65,000
Factory overheads absorbed by production	55,500
Actual office expenses paid	38,000
Office expenses absorbed by finished goods	37,000
Actual sales expenses paid	10,200
Recovery of selling and distribution overhead	8,500
Finished goods produced during the year	3,45,000
Cost of sales	3,88,000
Sales	5,95,000

OR

- ✓(A) From the following information of PQR Ltd., pass necessary Journal entry as per Non-Integral Accounting System :

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Particular	(₹)
Material Purchased	85,000
Material Purchase for Special job	15,000
Cost of Normal idle time	4,500
Wages paid	42,000
Cost of goods sold	99,900
Profit transferred during the year	36,100
Recovery of selling overhead	6,500

- ✓(B) Write a short note on "Store Ledger Control Account".

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5. ✓Do as directed : (Any Seven)

14

- ✓(1) In Road Transport \_\_\_\_\_ Method is used. (Operating costing / Unit costing)
- ✓(2) In Hotel business \_\_\_\_\_ Method is used. (Operating costing / Unit costing)
- ✓(3) Basic objective of cost accounting is \_\_\_\_\_.  
(Cost ascertainment / Profit Analysis)
- ✓(4) Direct expenses are also called \_\_\_\_\_. (Chargeable Exp. / Overhead Exp.)
- ✓(5) Salesman's salary is treated as \_\_\_\_\_ expenses. (Office / Selling)
- ✓(6) Preliminary Expense is not shown in cost sheet. (True / False)
- ✓(7) Recorded in Profit & Loss A/c, but not recorded in Cost Accounts.  
(Office Rent/Income tax)
- ✓(8) Loss as per Cost Accounts is ₹ 40,000, Loss on sale of furniture is ₹ 10,000. Discount received is ₹ 15,000. The Loss as per the financial book would be ₹ \_\_\_\_\_.  
(35,000 / 45,000)

- ←9) When materials are issued from store to production, the particular material account is credited to \_\_\_\_\_. (Store ledger A/c / Work in progress A/c)
- ←10) Direct Wages transferred to Factory Overhead Account. (True / False)
- (11) Wages paid to worker who had gone on strike debited to \_\_\_\_\_.  
(Wages A/c / Cost P & L A/c)
- (12) Indirect expenses as per Cost Accounts are ₹ 45,000 and actual indirect expenses are ₹ 50,000 then, it will be considered as :
- (A) Over absorption ₹ 5,000  
(B) Under absorption ₹ 5,000  
(C) Over absorption ₹ 25,000  
(D) Under absorption ₹ 30,000

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