

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao- Goa
First Year BBA (FS) – Semester II
End Semester Examination, Repeat October 2017

COST ACCOUNTING

Duration: 3 hour

Max.Marks: 60

Instructions:

- *Figures to the right indicate maximum marks*
- *Answer any FIVE questions from the following*
- *Start each new question on a fresh page*

Q.1. The following data has been extracted from the books of Rovin Industries Ltd for the year 2015: (12)

Particulars	Rs.	Particulars	Rs.
Opening Stock of Raw Material	25,000	Depreciation on Office Furniture	100
Purchase of Raw Material	85,000	Salary to Office Staff	2,500
Closing Stock of Material	40,000	Salary to Salesman	2,000
Carriage Inward	5,000	Other Factory Expenses	5,700
Wages-Direct	75,000	Other Office Expenses	900
Wages-Indirect	10,000	Manager's Remuneration	12,000
Other Direct Charges	15,000	Bad Debt Written Off	1,000
Rent and Rates of Factory	5,000	Advertisement Expenses	2,000
Consumption of Material	500	Travelling Expenses of Salesman	1,100
Depreciation on Plant & Machinery	1,500	Carriage Outward	1,000
		Sales	2,50,000
		Advance Income Tax paid	15,000

The manager has the overall charge of the company and his remuneration is to be allocated at Rs.4,000 to factory, Rs.2,000 to the office and Rs.6,000 to the selling operations.

Prepare statement giving the following information:

- a) Prime cost
- b) Factory cost
- c) Cost of production
- d) Cost of Sales
- e) Net profit

- Q.2.** The following is the history of the receipt and issues of material in a factory during March 2016 extracted from M/S Green & Co: (12)

Date	Particulars
1 st March 2016	Opening Balance 500 kgs @ Rs.30
3 rd March 2016	Issued 70 kgs
4 th March 2016	Issued 100 kgs
8 th March 2016	Issued 80 kgs
13 th March 2016	Received from vendor 200 kgs at Rs.28 per kg
14 th March 2016	Refund and surplus from work order 15 kgs at Rs.25 per kg
16 th March 2016	Issued 180 kgs
20 th March 2016	Received from vendor 240 kgs at Rs.26 per kg
24 th March 2016	Issued 304 kgs
25 th March 2016	Received from vendors 320 kgs at Rs.25 per kg
26 th March 2016	Issued 112 kgs
27 th March 2016	Refund and surplus from work order 12 kgs at Rs.26.75 per kg
28 th March 2016	Received from vendor 100 kgs at Rs.24 per kg

Issues are to be priced on the principle of Last in First Out. The store verifier of the factory noted that on the 15th he found a shortage of 10kgs and on 27th another shortage of 8 kgs. Write out the Store Ledger Account.

- Q.3.a)** Explain the importance of Process Costing in an manufacturing organization. (04)

- Q.3.b)** Prepare the three Process Accounts from the following: (08)

Arjun & Co. manufactures its sole product by passing the raw material through the distinct processes in its factory.

During the month of April 2015, the company purchased 96,000 kg of raw material at Rs.5 per kg and introduced the same in Process A. Further information is as below:

Expenditure	Process A	Process B	Process C
Material Consumed	Rs.33,472	Rs.27,483	Rs.47,166
Direct Labour	Rs.80,000	Rs.72,000	Rs.56,000
Overhead Expenses	Rs.1,20,000	Rs.1,08,000	Rs. 84,000
Normal waste in process (% of input)	3%	1%	1%
Sale value of waste (Rs. Per Kg.)	2	3	5
Actual output during the month (Kg)	93,000	92,200	91,500

- Q.4.** Hindustan firm began to trade on 1st April 2014: (12)

The following was the expenditure on the contract for Rs.3,00,000:

Material issued to contract Rs.51,000, Plant used for contract Rs.15,000, wages incurred Rs.81,000, other expenses incurred Rs.5,000.

Cash received on account to 31st March 2015, amounted to Rs.1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant which cost Rs.3,000

and material which cost Rs.2,500 where lost. On 31st March, 2014 plant which cost Rs.2,000 was returned to store, the cost of work done but uncertified was Rs.1,000 and material costing Rs.2,300 were in hand on site.

Depreciation is charged at 15% p.a.

You are required to prepare Contract Account and Balance Sheet.

Q.5.a) In a factory two types of car toys are manufactured, Kidz and Buds toy. (06)

From the following particulars, prepare a statement showing cost and profit per toy sold.

Particulars	Kidz (Rs.)	Buds (Rs.)
Material	27,300	1,08,680
Labour	15,600	62,920

Works overhead is charged at 80% on labour and office overhead is taken at 15% on works cost. The selling price of both toys is Rs.1,000 per toy. 78 Orient Kidz toy and 286 Buds toy were sold.

Q.5.b) Record the following transactions in a stores ledger as per Weighted Average method: (06)

01/03/2015	Opening Balance	500 units @ Rs. 4.00 per unit
05/03/2015	Purchases	200 units @ Rs. 4.50 per unit
12/03/2015	Purchases	150 units @ Rs. 4.10 per unit
20/03/2015	Purchases	300 units @ Rs. 4.50 per unit
25/03/2015	Purchases	400 units @ Rs. 4.00 per unit

ISSUES:

04/03/2015	200 units
10/03/2015	400 units
15/03/2015	100 units
19/03/2015	100 units
28/03/2015	250 units
30/03/2015	10 units are returned to the stores, these were issued on 10/03/2015

Ascertain the quantity of closing stock under Weighted Average Method

Q.6. a) Distinguish between Cost Accounting and Financial Accounting. (06)

b) What do you mean by Inventory Valuation? Discuss its importance. (06)

Q.7. a) 'Unit Costing is identical for organizations which produce one product in large scale'. Justify the statement. (06)

b) 'Operation Costing is a mixture of Job Costing and Process Costing'. Comment. (06)
