

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao- Goa
First Year BBA (FS) – Semester II
End Semester Examination, April 2016

COST ACCOUNTING

Duration: 2 Hours

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 Sunshine Industries Ltd for the year 2013: (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 2015: (12)

Date	Particulars
1 st March 2015	Opening Balance 500 units @ Rs.25
3 rd March 2015	Issued 70 units
4 th March 2015	Issued 100 units
8 th March 2015	Issued 80 units
13 th March 2015	Received from vendor 200 units @ Rs.24
14 th March 2015	Refund of surplus from above order of 15 units @ Rs.24
16 th March 2015	Issued 180 units
20 th March 2015	Received from vendor 240 units @ Rs.23
24 th March 2015	Issued 304 units
25 th March 2015	Received from vendor 320 units @ Rs.23.50
26 th March 2015	Issued 112 units
27 th March 2015	Refund of surplus to vendor 12 units @ Rs.25
29 th March 2015	Received from the vendor 100 units @ Rs.24

The stock verifier of the factory noted that on 15th March 2015, he had found a shortage of 5 units and on 28th March a shortage of 8 units.

Prepare Store Ledgers under LIFO Method.

Q.3.a) Distinguish between Job Costing and Process Costing. (04)

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

The product of a company passes through three distinct processes to completion. They are known as A, B and C. It is ascertained that wastage is incurred in each process as under:

Process A: 2%, Process B: 5%, Process C: 10%,

In each case the percentage of wastage is computed on the number of units entering the process concerned.

The wastage of each process possesses a scrap value. The wastage of process A and process B is sold at Rs. 5 per 100 units and that of process C at Rs. 20 per 100 units.

The following information is obtained:

Expenditure	Process A	Process B	Process C
Material Consumed	6,000	4,000	2,000
Direct Labour	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

20,000 units have been issued to process A at a cost of Rs. 10,000. The output of each process has been as under:

Process A: 19,500 units Process B: 18800 units Process C: 16,000 units.

Q.4. Amar Construction Ltd has undertaken the construction of a bridge. The value of the contract is Rs.12,50,000. (12)

The following are the details as shown in the books on 30th June 2014:

Particulars	Rs.	Particulars	Rs.
Labour at site	4,05,000	Wages accrued on 30 th June 2014	7,800
Direct Material	4,20,000	Direct expenses accrued on 30/06/ 2014	1,600
Material from store	81,200	Work not yet certified	16,500
Plant at site	12,100	Account certified by the engineer	11,00,000
Direct Expenses	23,000	Cash received	8,80,000
General Overhead Expenses	37,100		
Material in hand on 30/06/2014	6,300		

You are required to prepare Contract Account and Balance Sheet.

Q.5.a) In a factory two types of radios are manufactured, Orient and Sujon model. (06)

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

Particulars	Orient (Rs.)	Sujon (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 radios is Rs.1,000 per radio. 78 Orient radios and 286 Sujon radios were sold.

Q.5.b) Pianca Ltd has purchased and issued materials in the following order in the month of March 2015. (06)

On 1st purchased 300 units @ Rs.3

On 4th purchased 600 units @Rs.4

On 6th issued 500 units

On 10th purchased 700 units @ Rs.4

On 15th issued 800 units

On 20th purchased 300 units @ Rs.5

On 30th issued 100 units

Ascertain the quantity of closing stock as on 31st March under Weighted Average Method.

Q.6. a) Discuss the merits and demerits of Cost Accounting. (06)

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

Q.7. a) 'Unit Cost is the cost incurred by a company to produce, store and sell one unit of a particular product'-Comment. (06)

b) Explain the meaning of Job Costing Order with help of an example. (06)
