Roll No. ....

BBA–205(O)

B. B. A. (Second Semester) EXAMINATION, May, 2012

(Old Scheme)

Paper Fifth

COST ACCOUNTING

Time : Three Hours] *[Maximum Marks : 75*

Note : All questions are compulsory. All questions carry equal marks.

1. "A good system of costing serves as a means of control over expenditure and helps to secure economy in manufacture." Elucidate this statement and discuss the utility of cost accounting method in an underdeveloped country like India.

2. How will you distinguish between direct wages and indirect wages ? Give pro forma of cost sheet.

Or

The directors of a manufacturing business require a statement showing the production results of the business for the month of March, 2012. The cost accounts reveal the following information :

	₹
Stock on hand – 1st March, 2012 :	
Raw Materials	25,00,000
Finished Goods	17,36,000

	₹
Stock on hand – 31st March, 2012 :	
Raw Materials	26,25,000
Finished Goods	15,75,000
Purchases of Raw Materials	21,90,000
Work-in-progress : 1st March, 2012	8,22,000
Work-in-progress : 31st March, 2012	9,10,000
Sale of Finished Goods	72,31,000
Direct Wages	17,15,000
Non-productive Wages	83,000
Works Expenses	8,34,000
Office and Administrative Expenses	3,16,000
Selling and Distributive Expenses	4,21,000

You are required to construct the statement so as to show the following :

(a) The value of materials consumed

(b) The total of production

(c) The cost of goods sold

(d) The profit on goods sold

(e) The net profit for the month

3. What do you mean by Maximum Stock Level, Minimum Stock Level, Ordering Level and Economic Order Quantity ? How are these calculated ?

Or

The Gujarat Engineering Co. Ltd. undertakes large contracts. On 31st December, 2011 when annual accounts were prepared, the position of a bridge contract, which was commenced on 1st April, 2011 was as ahead :

	₹
Materials pruchased	6,00,000
Wages paid	7,00,000
Sundry expenses	30,000
Plant despatched to site (cost)	1,00,000
Wages accrued	10,000
Materials in hand	24,000

The value of work certified was ₹ 14,40,000 of which ₹ 10,80,000 has been received. The work finished but uncertified was valued at ₹ 40,000.

The plant on the site on 31st December, 2011 was valued at ₹ 80,000.

The contract price was ₹ 24,00,000 and the cost of the work to date was within the estimates.

You are required to prepare the contract account showing the profit which should reasonably be transferred to the profit and loss account, to calculate work-in-progress and to show how the particulars relating to the contract should appear in the Balance Sheet of the company at 31st December, 2011.

4. What are the causes of difference in profits as shown by financial accounts and cost accounts ? Give pro forma of Reconciliation Statement.

Or

The Imperial Manufacturing Company's product passess through two distinct processes A and B and then to finished stock. It is known from past experience that normal wastage occurs in process as under :

In Process A – 5 percent of the units entering the process.

In Process B — 10 percent of the units entering the process.

The scrap value of the wastage in Process A is ₹ 8 per 100 units and in the Process B at ₹ 10 per 100 units.

The process figures are :

	Process A (₹)	Process B (₹)
Materials Consumed	3,000	1,500
Wages	3,500	2,000
Manufacturing Expenses	1,000	1,000

5000 units were brought into Process A costing ₹ 2,500. Output was — Process A = 4700 units and Process B = 4150 units.

Prepare Process Cost Accounts showing the cost of output.

5. The following is an extract from financial books for the accounting year end on 31st March, 2012 :

Particulars	(₹)	Particulars	(₹)
Opening Stock 500 units @ ₹ 35	17,500	Sales (10250 units)	7,17,500
Materials Consumed	2,60,000	Closing Stock (250 units @ ₹ 50)	12,500
Wages	1,50,000		
Gross Profit c/d	3,02,500		
	7,30,000		7,30,000
Factory overheads	94,750	Gross Profit b/d	3,02,500
Administration Overheads	1,06,000	Interes Received	250
Selling Expenses	55,000	Rent Received	10,000
Bad Debts	4,000		
Preliminary Expenses	5,000		
Net Profit	48,000		
	3,12,750		3,12,750

The cost sheet shows the cost of materials @ ₹ 26 per unit and labour cost @ ₹ 15 per unit. Factory overheads absorbed @ 60% of labour cost and administration overheads @ 20% of factory cost. Selling expenses are charged @ ₹ 6 per unit. The opening stock of finished goods is valued at ₹ 45 per unit. You are required to prepare :

(a) A Statement showing profit as per cost accounts for the year ending 31st March, 2012.

(b) A Statement showing reconciliation between the two sets of profits.

Or

Write short notes on any *two* of the following :

(a) Methods of wages payment

(b) Methods of Absorption of overheads

(c) Contract Account

(d) Idle Time