

174 BCAF
sem - V
2015-16

COST ALK.

15-16

QP Code : 35016

(2 ½ Hours)

[Total Marks : 75

1. (a) Fill in the blanks (Any eight) :

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- (i) _____ helps an individual firm in cost control.
- (ii) _____ is the technique of evaluating the performance, efficiency, costs and profits of firms in an industry.
- (iii) _____ is a written document, which may be in the form of a booklet or bulleting containing the principles, methods and procedures for the ascertainment and control of cost in uniform costing.
- (iv) Operating costing uses the method of _____ costing when costing a particular trip by a bus.
- (v) _____ is an inevitable loss.
- (vi) Under _____ system, there is no need for reconciliation between the financial and cost accounts.
- (vii) _____ means the process of accounting for cost from the point at which expenditure is incurred or committed to the establishment of its ultimate relationship with cost centers and cost units.
- (viii) _____ account is not needed to be opened in Integral accounting system.
- (ix) _____ is a document which sets out the responsibilities of the persons engaged in, and the routine of and the forms and records required for, costing and cost accounting.
- (x) Valuation of WIP is done by calculation of _____.

(b) Rewrite and state whether the statements are True or False (any seven)

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- (i) Cost Ledger Control account represents the personal cash or bank accounts shown in financial books.
- (ii) Selling and distribution costs are debited to selling and distribution overhead account.
- (iii) Posting in wages control accounts are made from wage analysis sheet.
- (iv) Loss on the sale of furniture is not included in accounts under integral system.
- (v) Finished goods Ledger control account will always have a debit balance.
- (vi) The closing balance of costing P & L A/c represents under or overabsorption of overheads.
- (vii) Operation costing is a form of Target costing.
- (viii) In case of service industry, the closing stock of work-in progress is always valued at labour cost.
- (ix) The main objectives of Uniform costing is to eliminate unhealthy competition among the different units of an industry.
- (x) Interfirm comparison ensures a unbiased specialized reporting on particular problems of the concern.

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EV-Con. 4429-15.

2. Deepika Ltd. operates separate cost accounting and financial accounting systems. The following is the list of opening balance as on 1st September, 2015 in the cost ledger

Particulars	Dr.(₹)	Cr.(₹)
Stores Ledger Control A/c	80,000	-----
WIP Control A/c	1,25,000	-----
Finished Goods Control A/c	95,000	
General Ledger Adjustment A/c	-----	3,00,000
	3,00,000	3,00,000

Transaction for the month of September 2015 were as under:

Particular	₹
Material purchased (40% Cash)	90,000
Wages paid (including indirect wages 25,000)	75,000
Production overheads incurred	70,000
Material issued for factory repairs	15,000
Production overheads under-absorbed and Written off to costing P & L A/c	8,000
Material issued to production	1,20,000
Finished Goods as on 30th September was	1,25,000
Profit during the month transferred to General Ledger Adjustment A/c	
Cost of goods sold	1,90,000
Sales	2,50,000

Balance in production overhead A/c is to be transferred to WIP A/c

You are required to prepare the following :

- (1) Stores Ledger Control A/c
- (2) WIP Control A/c
- (3) Finished Goods Control A/c
- (4) Factory overhead Control A/c
- (5) Costing P & L A/c
- (6) Sales A/c
- (7) General Ledger Adjustment A/c
- (8) Cost of Sales A/c
- (9) Trial Balance as on 30th September, 2015

OR

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On 31st March, 2015 the following balances are extracted from the books of Sawant Ltd 15

		Dr.(₹)	Cr.(₹)
(1)	General Ledger Adjustment A/c.	-----	5,00,000
(2)	Finished Goods control A/c	1,00,000	----
(3)	Stores Ledger control A/c	2,50,000	----
(4)	Work in progress control A/c.	1,50,000	----
		5,00,000	5,00,000

The following transactions took place in April, 2015.

	₹
Raw Material:	
Purchased from Nitin & Co.	3,30,000
Issued to production	5,00,000
Returned to store	20,000
Returned to Nitin & Co.	30,000
Indirect Labour	40,000
Cost of goods sold	8,20,000
Selling Expenses	50,000
Sales to Sachin	9,50,000
Office expenses	40,000
Factory expenses	60,000
Productive Wages	80,000
Cost of finished goods transferred to warehouse	7,60,000

Office expenses and selling expenses are treated as period costs and charged off to the costing profit and loss A/c. of the month in which they are incurred. Factory expenses overheads are applied to production at 75% of Direct wages, any under /over absorbed overhead being carried forward for adjustment in the subsequent months.

You are required to prepare following :

- General Ledger Adjustment A/c.
- Stores Ledger control A/c
- Work in Progress control A/c
- Finished goods control A/c.
- Costing profit & loss A/c.
- Trial Balance as on 30th April, 2015

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4. From the following particulars, pass journal entries under an integrated system of accounting in the books of Pravin Ltd. for the month of October, 2015. 13.

		₹
(i)	Raw material purchased from C Ltd. (70% on credit)	3,00,000
(ii)	Material returned to C Ltd. from stock	20,000
(iii)	Depreciation on machinery	25,000
(iv)	Cost of goods produced	5,00,000
(v)	Manufacturing overheads payable	10,000
(vi)	Purchase of materials for immediate repair work from Anu	50,000
(vii)	Salaries payable to Rocky	30,000
(viii)	Return of Indirect Material to store	35,000
(ix)	Sales (25% on cash)	7,00,000
(x)	Cost of spoiled and defective work taken out of process	5,000
(xi)	Over-absorption of selling & Distribution overheads	15,000
(xii)	Cost of Goods sold	6,00,000
(xiii)	Receipt from customer	2,50,000

OR

- From the following particulars, pass journal entries under an integrated system of accounting in the books of Juhi Ltd. for the month of October, 2015. 15

		₹
(i)	Raw material purchased from Boss Ltd. on Cash	2,00,000
(ii)	Depreciation on Delivery van	40,000
(iii)	Goods produced and transferred to warehouse	3,50,000
(iv)	Wages payable to Simran	25,000
(v)	Return of direct material to stores	30,000
(vi)	Loan from SBI Bank	1,00,000
(vii)	Under absorption of office overheads	20,000
(viii)	Sales to Rohit (50% on Credit)	5,00,000
(ix)	Factory overheads payable	35,000
(x)	Receipt from Rohit, 60% of amount due by cheque	
(xi)	Cost of goods sold	3,25,000
(xii)	Cost of defective work taken out of process	10,000
(xiii)	Purchase of computer from XYZ Ltd. (Cash paid 40% and balance on credit)	50,000

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6. Fantasies Transport Company owns a bus which runs from Mumbai to Pune and back for 25 days in a month. The distance from Mumbai to Pune is 180 kms. The bus completes the trip from Mumbai to Pune and back on the same day. Calculate the fare to be charged to passengers if a profit of $33\frac{1}{3}\%$ on cost is expected. 15
- The following further information is available.

	₹
↑ Cost of bus	1,00,000
↑ Salary of Driver	10,000 p.m.
↑ Insurance	9% p.a.
↑ Diesel consumption 20 kms per litre costing ₹60 per litre.	
↑ Salary of conductor	7000 p.m.
↑ Fixed office overheads	6500 p.m.
↑ Local Taxes	25,000 p.a.
↑ Oil and Lubricants per 200 kms	₹ 8,000
↑ Licence Fees	30,000 p.a.
↑ Repairs & Maintenance	50,000 p.a.
↑ Normal Seating capacity	40 passengers
↑ Depreciation Rate	25% p.a.
The bus usually runs full upto 90% of its capacity both ways. Permit fees is payable on the cost of bus at 8% p.a.	

OR

7. The following data pertains to process I for October 2015 of sawant Ltd. Opening WIP : 800 units ₹ 4000 Degree of completion : material 100% Labour 60% and overhead 60% 15
- Input of materials : 9200 Units at 36,800 Direct Wages : ₹ 16740
- Production overhead : ₹ 8370
- Units scrapped 1200 units. The stage of completion of these units was : Materials 100% Labour and overheads 80%.
- Closing WIP : 900 units.
- Degree of completion : Materials 100 %
- Labour and overhead 70%
- Normal loss is 8% of total input (Opening WIP Units + units put in)
- Units transferred to the next process. 7900 unit Scrap value ₹ 4 per unit.
- You are required to :
- (1) Compute equivalent Units of production
 - (2) Compute cost per equivalent unit
 - (3) Prepare the Process A/c (FIFO Method)

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- (a) What is Interfirm comparison. What are the pre-requisites for the installation of Interfirm comparison system.
- (b) Describe the features of an Integrated system.

OR

9. Write short notes on (any three):-

- (a) Valuation of equivalent units.
- (b) Target costing
- (c) Running cost
- (d) Uniform costing
- (e) General Ledger Adjustment A/c.
