

Enrollment No: _____

Exam Seat No: _____

C. U. SHAH UNIVERSITY

Summer Examination-2022

Subject Name: Cost Accounting - II

Subject Code: 4CO06CAC2

Branch: B.Com (English)

Semester: 6

Date: 05/05/2022

Time: 02:30 To 05:30

Marks: 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
 - (2) Instructions written on main answer book are strictly to be obeyed.
 - (3) Draw neat diagrams and figures (if necessary) at right places.
 - (4) Assume suitable data if needed.
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- Q-1 Attempt the following questions: (14)**
- a)** Cost sheet income tax and donation are included in which cost of the following 1
(a) factory overheads (b) selling overheads
(c) administrative cost (d) none of the above
- b)** In cost sheet legal expense is shown as 1
(a) factory overhead (b) administrative overhead
(c) direct expenses (d) distribution overhead
- c)** In paper industry following cost method is applied 1
(a) unit costing (b) job costing
(c) process costing (d) service costing
- d)** Advertisement is expenses 1
(a) Factory Indirect (b) Administrative Indirect
(c) Selling & Distribution Indirect (d) None of the above
- e)** Due to under recovery of overheads in cost accounts the profit of the cost account 1
(a) increase (b) decreases
(c) remains constant (d) decreases by double
- f)** Amount recorded in profit and loss account but not recorded in cost account 1
(a) preliminary expense (b) factory expense
(c) office expands (d) sales expensive
- g)** Which of the following items is shown in both accounts? 1
(a) penalty (b) direct material
(c) reserve for a bad debt (d) loss due to Investment selling
- h)** Which item is not recorded in process accounts... 1
(a) wages (b) salary (c) material (d) donation
- i)** Which of the following items is not relevant with normal wastage during process? 1
(a) it is considered as part of products (b) it cannot be zero percent
(c) it is an inevitable (d) it can be controlled



- j) In pharmaceutical business which costing method is used 1
 (a) contract costing (b) job costing (c) unit costing (d) batch costing
- k) In which of the following industry job costing is used... 1
 (a) book publication (b) building construction
 (c) cement industry (d) printing work
- l) In a process 2,000 units where introduced normal loss is 5% then units of normal loss 1
 (a) 100 units (b) 250 units (c) 300 units (d) 200 units
- m) Which detail is not included to find out economic quantity of batch 1
 (a) Set up Cost (b) Interest Rate
 (c) Production cost Per unit (d) Ordering expensive
- n) From the following which item is not sold in Cost sheet 1
 (a) Scrap value of raw material (b) WIP stock
 (c) Salary (d) Amount transfer to general reserve

Attempt any four questions from Q-2 to Q-8

Q-2

(14)

Nisha Ltd. produced and sold 10,000 'Power Bank' during 2020. The particulars are as under. Selling price per unit is Rs. 780.

Particulars	Rs.
Materials	26,00,000
Direct Wages	14,00,000
Direct Expenses	2,00,000
Factory Expenses (40% Variable)	14,00,000
Office Expenses(Fixed)	5,60,000
Selling Expenses (70% Variable) <u>6,40,000</u>	
Total	<u>68,00,000</u>

During the year 2021 production and sale is estimated at 50,000. Power Bank. The additional information is as under:

- (1) Direct Wages per unit will decrease by 20%
- (2) Fixed factory expenses will increase by **Rs. 6,00,000**.
- (3) Office expenses will increase by 25%.
- (4) Variable Selling expenses will rise by **Rs. 1.60** per unit.
- (5) 25% profit is estimated on cost.

Prepare:

1. Statement of Cost per unit and total cost of 2020.
2. Estimated cost statement 2021.

Q-3

Attempt all questions

(14)

- (a) Trading A/c and P & L A/c of Marie Ltd. is as under, the year ending on 31-03-2020: 10

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Materials	40,000	By Sales (2,700 Units)	1,00,000
.. Direct wages	24,000	.. Closing Stock (10% of Production)	8,000
.. Manufacturing Chrg.	16,000	.. Interest Received	400
.. Office Chahrges	14,000	.. Dividend Received	400
.. Selling charges	9,000	.. Rent Received	400
.. Preliminary Exp.			
Written off.	4,000		
.. Goodwill Written off	200		



..Net Profit	2,000		
	<u>1,09,200</u>		1,09,200

The cost accounts give following information:

- (1) Materials and Wages are taken at their cost price.
- (2) Manufacturing charges are taken at 50% of wages.
- (3) Office overheads at 20% of Factory Cost.
- (4) Selling and distribution overheads at the rate of **Rs.3** per unit.

Prepare: 1. Cost sheet

2. Reconciliation Statement.

- (b) The following information has been obtained from the records of M/s. **04**
New Electronics, a manufactures of T. V. Set.

- (1) Materials cost per T. V. Set - **Rs. 450**
- (2) Wages per T. V. Set - **Rs. 250**
- (3) Charge 60% of wages as works expenses
- (4) Charge 20% prime cost as office expenses
- (5) Number of units manufactured and sold - 4,000
- (6) Selling price per T. V. set - **Rs. 2,000**
- (7) There was no opening or Closing stock of Raw materials, work in progress and finished goods.

Prepare a cost sheet showing profit as per costing records and a statement showing profit as per financial records. Actual factory expenses were **Rs.6,20,000** and office expenses **Rs.6,40,000**.

Calculate Profit as per Cost Accounts.

Q-4 **(14)**

A product passes through two different processes A and B. following details are obtained. Prepare Process Accounts and Abnormal Gain or wastage Accounts.

Particulars	Process-A	Process-B	Process-C
Direct Materials (Rs.)	4,000	6,040	6,824
Direct Wages (Rs.)	7,000	8,452	10,000
Indirect Expenses (Rs.)	3,000	4,000	5,000

Materials of 1,000 units were introduced in Process A at a cost of \square .10 each

Other Information:

Particulars	Process-A	Process-B	Process-C
Normal wastage of units introduced	10%	5%	10%
Sales price of wastage per unit	Rs.6	Rs.10	Rs.12
Actual Production (in units)	920	870	800

There is no work-in process

Q-5 **(14)**

- (a) Following information has been obtained in respect of job no. 311 **10**

Materials **Rs. 80,200 .**



Wages:

Department – A 1,200 hours, at the rate of **Rs.3** per hour

Department – B 800 hours, at the rate of **Rs.2** per hour

Department C 400– hours, at the rate of **Rs.5**per hour

Variable overheads:

Department – A **Rs.6,700** which is for 6,700 labour

Department – B **Rs.14,000** which is for**Rs.7,000** labour

Department – C **Rs.24,000** which is for**Rs.6,000**labour

Fixed overheads:

Rs.30,000 for 15,000 hours

From the above information, calculate the cost of job no. 311 and determine the selling price after adding 25% profit on gnilles price.

- (b) The following details are given for Job No. 105 **04**
Direct Material - **Rs.25,000**, Direct Labour - **Rs.50,000**
Factory Overheads – 60% on Direct Labor, Other expense 20% on
Factory cost. The tender price should include 20% profit on selling price.
What would be estimated selling price of Job No. 105.
- Q-6** **Attempt all questions** **(14)**
(a) Write features of Process Costing **07**
(b) Difference between Process Costing & Job Costing **07**
- Q-7** **Attempt all questions** **(14)**
(a) Reasons for disagreement in profit **07**
(b) Advantages & disadvantages of Job Costing **07**
- Q-8** **Attempt all questions** **(14)**
(a) Write advantages of cost sheet **07**
(b) Write short note on Indirect expenses **07**

