

Exam. Code : 108504  
Subject Code : 100822

B.Com. 4<sup>th</sup> Semester (Batch 2022-25)

BCG-406 : COST ACCOUNTING

Time Allowed—3 Hours]

[Maximum Marks—50

**Note** :— Attempt **FIVE** questions in all, selecting at least **ONE** question from each section. The fifth question may be attempted from any section. All questions carry equal marks.

**SECTION—A**

1. Define cost accounting along with its objectives. Differentiate between cost accounting and financial accounting.
2. The books of ABC Company present the following data for the month April, 2022. Direct labour cost Rs. 17,500 being 175% of the works overhead, cost of goods sold excluding administration expenses of Rs. 56,000.

Inventory accounts showed the following opening and closing balances :

	April 1	April 30
Raw materials	8,000	10,600
Work in progress	10,500	14,500
Finished goods	17,600	19,000

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(Contd.)

Other data are :

Selling expenses	3,500
General and administrative expenses	2,500
Sales for the month	75,000

You are required to :

Compute the value of materials purchased.

Prepare a cost statement showing the various elements of cost and profit.

### SECTION—B

3. Product Z is obtained after it passes through three processes. Following information is obtained for the month ending March 2022 :

Items	Total (Rs.)	Process-I	Process-II	Process-III
Direct material	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overheads	9,000	—	—	—
% of normal loss to input		5%	10%	15%
Output in units for the month		950	840	750
Value of scrap per unit (Rs.)		2	4	5

1,000 units at Rs. 3 each were introduced in process I. There was no stock of material or work in progress at the beginning or end of period. The output of each process

passes direct to the next process and finally to finished stores. Production overheads are recovered in 100% of direct wages. Prepare process cost accounts and other related accounts.

4. What is contract account ? How is it prepared ? Discuss the various items that are included in contract account.

### SECTION—C

5. From the following details of Aditya Enterprises, compute profit as per Financial accounts as well as per Cost accounts and reconcile the two showing clearly the reasons responsible for the difference.

Sales Rs. 2,50,000; Purchases of raw materials Rs. 60,000; Opening Stock of Raw material Rs. 22,000; Closing Stock of Raw material Rs. 25,000; direct wages Rs. 45,000; indirect wages Rs. 5,000; indirect factory expenses Rs. 20,000; depreciation on machinery Rs. 15,000; salaries of office staff Rs. 12,000; office rent Rs. 5,000; other office expenses Rs. 7,000; bad debts Rs. 2,000; interest on bank overdraft Rs. 2,000; profit on sale of old machine Rs. 8,000; selling expenses Rs. 18,000; distribution expenses Rs. 6,000; income from investments Rs. 12,000.

In cost accounts :

- (a) Value of opening stock was Rs. 20,000 while the closing stock was Rs. 24,000
- (b) Works overheads are recovered as 100% of direct wages.

- (c) Administration overheads are recovered as 20% of the prime cost.
- (d) Selling and distribution overheads are recovered as 10% of sales.
6. "Cost volume profit analysis is a very useful technique to management for cost control, profit planning and decision making". Explain.

#### SECTION—D

7. What do you mean by functional budgets ? Explain them in detail.
8. From the following information, calculate Material Variances :

Raw Material	Standard	Actual
Material A	40 units @ Rs.50 per unit	50 units @ Rs. 50 per unit
Material B	60 units @ Rs. 40 per unit	60 units @ Rs. 45 per unit