

SHREE NARAYANA COLLEGE OF COMMERCE

AHMEDABAD

Name of the Department: BS BBA

Subject: COST ACCOUNTING

Class & Semester: SEM 2

Faculty Name: EZHAVA LEKSHMI SALIMKUMAR

ASSIGNMENT

SECTION – 1 (UNIT – 1)

BASIC CONCEPTS OF COSTING

Q1] What is meant by Cost Accounting? Discuss the advantages of Cost.

Q2] Explain with examples methods of Costing

Q3] A) Explain the terms: 1) Direct Cost 2) Indirect Cost

B) Explain any five objectives of cost accounting in brief.

Q4] A) Give proper methods of costing of the following industries:

1) Textile Industry 2) Chemical Industry 3) Passenger Bus 4) Ship- Building Industry 5) Flour Mill 6) Radio 7) Cement Industry 8) Transport Industry 9) Oil Industry 10) Printing Press 11) Soft- Drinks 12) Electricity Industry 13) Hotel Industry 14) Mining Industry 15) Pharmaceutical Industry.

B) Give the proper units of the following industries:

1) Railway 2) Hotel 3) Textile 4) Chemical 5) Electricity 6) Bricks Manufacturing Industries 7) Flour Mill 8) Cement Industry 9) Mining Industry 10) Electricity Industry 11) Soft- Drinks 12) Paper Mill

Q5] A) Explain the functional classification of cost with examples.

B) Explain the functions of Cost Accountant

SECTION – 2 (UNIT – 2)

UNIT COSTING

Q1] ABC Ltd. Manufactured and sold 5000 units of clocks in the year 2022-23. The details of the same as under:

| Particulars | Rs |
|-------------------------|-----------|
| Cost of Materials | 4,00,000 |
| Direct wages | 6,00,000 |
| Manufacturing expenses | 2,50,000 |
| Administrative expenses | 4,50,000 |
| Selling expenses | 1,50,000 |
| Total Sales | 20,00,000 |

For the year 2023-24, it is estimated that:

- (1) The company will manufacture and sell 6000 units of clocks.
- (2) Price of material will rise by 20% on the previous year's level.
- (3) Wages will rise by 5%.
- (4) Manufacturing expenses will rise by 10%.
- (5) Selling expenses per unit will remain unchanged.
- (6) Other expenses will remain unaffected by the rise in the output.

Prepare:

A cost sheet for the year 2022-23.

- 1) Estimated cost sheet for the year 2023-24, showing the per unit and total cost. Also, at what price the company should sell its clock if profit of 10% on cost price is to be earned.

Q2] A) Write a short note on Tender Price.

B) From the following particulars find out total cost and total profit.

There is no opening or closing stock of finished goods:

| | |
|-------------------|-------------|
| Material | Rs 60,000 |
| Wages | Rs 1,20,000 |
| Selling Overheads | Rs 20,000 |
| Total sales | Rs 4,32,000 |

Factory Overhead is charged at 50% of wages and overhead is charged at 30% of factory cost.

Q3] Shailja Ltd. Produced and sold 4000 units of clocks at its 40% production capacity in the year 2021-22. Selling Price per unit is Rs 1150.

| PARTICULARS | Rs |
|---------------------------------------|-------------|
| Materials | 250 |
| Add: Direct Wages | 200 |
| Add: Direct Expenses | 150 |
| Add: Factory Overheads (60% variable) | 250 |
| Add: Office Overheads (fixed) | 50 |
| Add: Selling Overheads (40%) | 100 |
| *Cost per unit * | 1000 |

For the year 2022-23, it is estimated that:

- 1) The production will be at full capacity and 80% of production will be sold.
- 2) Cost of raw material, wages and direct expenses per unit will increase by 20%, 25%, and 30% respectively.
- 3) All variable overheads will increase by 20% per unit.
- 4) Fixed Factory, Office, and Selling & Distribution Overheads will increase by Rs 6,00,000, Rs 4,00,000 and Rs 2,96,000 respectively.
- 5) The rate of profit on cost will remain same as per the last year.

From the above information, prepare the following statements:

- 1) A cost statement for the year 2021-22.
- 2) A statement of cost showing estimated profit for the year 2022-23.

Q4] A) Give the proforma of a cost sheet with imaginary figures.

B) The information for production of a factory is as under:

| | |
|----------------------------|------------------------|
| Direct Materials | : 15% of selling price |
| Direct Labour | : 25% of selling price |
| Factory Overheads | : 25% of prime cost |
| Office Overheads | : 40% of factory cost |
| Profit (Rs 1500 per unit) | : 20% of selling price |

Calculate selling overheads from the details given above.

Q5] Excel Ltd. Produced and sold 10,000 units of clocks at its 50% production capacity in the year 2019-20. Selling Price per unit is Rs 500.

| PARTICULARS | Rs |
|----------------------------------|-----------|
| Materials | 10,00,000 |
| Direct Wages | 5,00,000 |
| Direct Expenses | 2,00,000 |
| Factory Overheads (40% Variable) | 10,00,000 |
| Office Overheads (Fixed) | 8,00,000 |
| Selling Overheads (30% Variable) | 5,00,000 |
| Sales | 50,00,000 |

For the year 2020-21 it is estimated that:

- 1) Production will be at its full capacity and 60% of production will be sold..
- 2) Price of material will go up by 25%.
- 3) Labour rate per unit will increase by 10% in variable and fixed expenses.
- 4) Factory expenses will increase by 10% in variable and fixed expenses.
- 5) Office overheads will increase up to Rs 9,60,000
- 6) Variable expenses per unit will go by Rs 4.
- 7) Fixed selling expenses will go up by Rs 82,000.

The percentage of profit on cost is to be maintained according to previous year.

From the above information, prepare the following statements:

- 1) A cost statement for the year 2019-20.
- 2) A statement of cost showing estimated profit for the year 2020-21.

SECTION – 3 (UNIT – 3)

RECONCILIATION OF COST AND FINANCIAL ACCOUNTING

Q1] Following is the Trading Account and Profit & Loss Account of ABC manufacturing Co. for the year ended on 31/3/2021:

| Dr | Trading and Profit & Loss Account | | Cr |
|----------------------------|-----------------------------------|----------------------------------|------------------|
| Particulars | Rs | Particulars | Rs |
| To materials | 3,90,000 | By Sales (2500 units) | 9,35,000 |
| To Direct Labour | 2,10,000 | By Finished Stock (500 units) | 1,35,000 |
| To Factory Expense | 2,20,000 | By Work-in-progress Materials | |
| To Gross Profit | 3,30,000 | 50,000 | 80,000 |
| | | Direct Wages | |
| | | 19,000 | |
| | | Factory Exp | |
| | | 11,000 | |
| | 11,50,000 | | 11,50,000 |
| To Office Rent | 40,000 | By Gross Profit | 3,30,000 |
| To Staff Salary | 30,000 | By Interest Received | 12,500 |
| To Sales Expenses | 15,000 | By Bad Debts | 7,500 |
| To Preliminary Expenses | 8,000 7,000 | Recovered | 5,000 |
| To Income Tax | 2,55,000 | By Rent Received | |
| To Net Profit | | | |
| | 3,55,000 | | 3,55,000 |

The following information has been obtained on investigation of Cost Accounts:

- 1) Materials and wages are charged at actual cost.
 - 2) Factory Expenses have been allocated to the production as 1/3 of prime cost.
 - 3) Office and Administrative Expenses have been charged at 12% of factory cost.
 - 4) Sales Expenses have been charged at Rs 5 per unit, on units sold.
- Prepare: (A) Cost Sheet (B) Reconciliation Statement.

Q2 Following is the Trading Account and Profit & Loss Account of Hari Ltd for the year ended on 31/3/2025:

It is found that the office overheads shown in the financial accounts are 10% more in comparison to cost accounts, while the selling overheads are 10% less. Find out the profit as per cost accounts

Q4 The following is the Financial Statement for the year ended on 31/3/2023:

| Dr | | Trading and Profit & Loss Account | | Cr | |
|------------------------------|--------------------|--|-----------------|-----------|------------------|
| Particulars | Rs | Particulars | Rs | | |
| To Direct Materials | 3,35,000 | By Sales (4000 units) | 11,80,000 | | |
| To Direct Labour | 2,52,000 | By Finished Stock (1000 units) | 85,000 | | |
| To Factory Overheads | 4,77,000 | By Work-in-progress Materials | | | |
| To Gross Profit | 3,33,000 | 35,000 | 1,32,000 | | |
| | | Direct Wages | | | |
| | | 52,000 | | | |
| | | Factory Exp | | | |
| | | 45,000 | | | |
| | 13,97,000 | | | | 13,97,000 |
| To Office Overheads | 1,05,000 | By Gross Profit | 3,33,000 | | |
| To Selling Overheads | 92,000 | By Interest Income | 9,500 | | |
| To Debenture | 5,500 | By Rent Received | 18,700 | | |
| Discount | 20,600 | By Discount Received | 2,200 | | |
| To Provision for Tax | 4,800 | By Profit on Sale of Investments | 10,900 | | |
| To Goodwill written off | 5,500 1,200 | By Interest on Drawings | 12,600 1,100 | | |
| To Charity Exp. | 800 | By Bad Debts Recovered | | | |
| To Penalty | 6,800 | | | | |
| To Loss on Sale of assets | 19,000 1,26,800 | | | | |
| To Interest on Capital | | | | | |
| To Interest Paid | | | | | |
| To Net Profit | | | | | |
| | 3,88,000 | | | | 3,88,000 |

In the cost accounts of the company:

- 1) Materials and wages are charged at actual cost.
- 2) Factory Expenses have been allocated to the production at $\frac{1}{2}$ of wages.
- 3) Office Expenses have been charged at 20% of factory cost.

4) Sales Expenses have been charged at Rs 30 per unit sold.

Prepare: (A) Cost Sheet (B) Reconciliation Statement.

Q5] A) Net Profit Shown by the Profit & Loss Account of Neela Ltd is Rs 5,00,000. Prepare the reconciliation statement and find out the profits as per cost accounts after considering the following information:

| | |
|---|-----------|
| 1) Discount on Debentures | Rs 6,250 |
| 2) Dividend Received | Rs 28,750 |
| 3) Interest Paid | Rs 12,500 |
| 4) Over valued closing stock in Financial Account | Rs 29,500 |

B) Net Profit Shown by the Profit & Loss Account of Kavya Ltd is Rs 4,00,000. Prepare the reconciliation statement and find out the profits as per cost accounts after considering the following information:

| | |
|--|-----------|
| 1) Preliminary Expenses Written Off | Rs 10,000 |
| 2) Dividend Received | Rs 30,000 |
| 3) Penalty Paid | Rs 15,000 |
| 4) Undervalued closing stock in Cost Account | Rs 50,000 |

SECTION – 4 (UNIT – 4)

[A] VALUATION OF INVENTORIES [B] LABOUR

Q1 A workman allowed 90 hours to complete a job on daily time wages and he completes the job in actual 60 hours. His time wages is Rs 15 per hour. Complete the wages payable to worker by following methods.

- (1) Halsey Plan
- (2) Rowan Plan
- (3) Piece Wage System

Q2 (A) The following are the transactions receipts and issues of an item of raw material:

| Date | Particulars | Units | Price per Unit in Rs. |
|-----------|-------------|-------|-----------------------|
| 1/3/2024 | Purchases | 300 | 3 |
| 4/3/2024 | Purchases | 600 | 4 |
| 6/3/2024 | Issued | 500 | - |
| 10/3/2024 | Purchases | 700 | 5 |
| 15/3/2024 | Issued | 800 | - |

Prepare Stock Register, assuming that the issues are priced by FIFO method.

(B) The following are the transactions receipts and issues of an item of raw material:

| Date | Particulars | Units | Price per Unit in Rs. |
|-----------|-----------------|-------|-----------------------|
| 1/3/2025 | Opening Balance | 600 | 20 |
| 3/3/2025 | Purchased | 800 | 25 |
| 7/3/2025 | Issued | 1,000 | - |
| 10/3/2025 | Purchased | 1,200 | 26 |
| 15/3/2025 | Issued | 800 | - |
| 20/3/2025 | Purchased | 2,000 | 28 |
| 22/3/2025 | Issued | 2,200 | - |

Prepare Stock Register, assuming that the issues are priced by LIFO method.

Q3 (A) Write Short Notes on:

- (1) Halsey Plan
- (2) Rowan Plan
- (3) Piece Wage System
- (4) Time Wage System

Q4 A workman has been allowed to complete a work in 120 hours, but he completes the work in 90 hours. Labour rate per hour is Rs 20. If cost of material is Rs 80 and factory overheads are 100% of direct labour, find out factory cost as per the following methods.

- (1) Piece Wage System
- (2) Times Wage System
- (3) Halsey Premium Plan
- (4) Rowan Premium Plan

Q5 In a factory 5,500 workers were working in the beginning of a year and 6,500 workers were working at the end of the year. 600 workers were relieved during the year and 740 workers were newly recruited, out of which 440 workers were recruited for the newly created posts.

Find out the labour turnover rate as per

- (1) Separation Method
- (2) Replacement Method
- (3) Joint Method

SECTION – 5

DO AS DIRECTED

Q1 What would be prime cost if direct material is ₹ 30,000 and direct labour is ₹ 20,000? (₹ 50,000/₹10,000)

Q2 If total cost is ₹3,00,000 and profit is ₹ 30,000, then what is the percentage of profit on cost? (10% / 11%)

Q3 State any one limitation of cost Accounting.

Q4 Write full form of WAM.

Q5 When loss-as per Cost Accounts is ₹ 40,000 and Goodwill written off is ₹4,000 the -loss as per the financial book would be_____ (₹44,000/ ₹36,000)

Q6 Cost unit of Dairy industry is_____ (per litre /per barrel)

Q7 If Management is efficient, labour turnover rate can _____ (reduce/increase)

Q8 Telephone bill is included in which of the following expenses?

- (a) Fixed Expenses (b) Variable Expenses (c) Semi-Variable Expense (d) None

Q9 Debenture interest is recorded in _____ accounts. (Cost/ Financial)

Q10 Where costs are ascertained after they are already incurred, the method used is termed as (Historical Costing/ Uniform Costing)

Q11 Suppose the total cost of a product is ₹ 4,000 and if the 20% profit is to be calculated on the cost price, then what will be the Sales?

(a) ₹ 4,800 (b) ₹ 4,000 (c) ₹ 5,000 (d) ₹ 6,000

Q12 Works Cost + Administrative overheads = Production Cost.
(True/False)

Q13 Write the formula of Time Wage System

Q14 Write the full form of LIFO method.

Q15 When profit as per cost accounts is Rs 25,000, Provision for Income tax amounted to Rs 9000, what will be profit as per financial accounts?

Q16 Goodwill written off is recorded in _____

(a) Cost Accounts (b) Financial Accounts (c) Bank Account (d) None

Q17 State two differences between FIFO Method and LIFO Method.

Q18 Bonus as per Hasley method is calculated at _____

(a) 20% of time wages (b) 33% of time saved (c) 50% of time saved
(d) None

Q19 Bhavna completes a work in 8 hours instead of 10 hours. Labour rate per hour is Rs 15. What she will earn as per Rowan Plan?

Q20 Cost of sales is Rs 1,80,000. Amount of profit is Rs 20,000. State the percentage of profit on sales.
