CA IPCC COST ACCOUNTING

REVISION QUESTIONS

1. The following are the expenses on a contract which commences on 1st Jan. 2014

Materials purchased	1.00.000
Materials on hand	5.000
Direct wages	1.50.000
Plant issued	50.000
Direct expenses	48.000

   The contract price was Rs. 15.00.000 and the same was duly received when the contract was completed in August 2014. Charge indirect expenses at 15% on wages. Provide Rs. 10.000 for depreciation on plant and prepare the contract account and the contractee's account. (Ans: Profit and Loss A/C: 1,82,500).

2. Explain the problems which a company may face while establishing a cost accounting system?
3. Two articles A and B are manufactured in a department. Sales for the year 2003 were planned as follows:

Product	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Product A	5,000	6,000	6,500	7,500
Product B	2,500	2,250	2,000	1,900

Selling price were Rs. 10 per unit for A and Rs. 20 per unit for B respectively. Average sales returns are 10 % of sales and the discounts and bad debts amounts to 2 % of the total sales.

Prepare Sales Budget for the year 2014.

4. From the following particular, you are required to prepare production budget of Mrs. V. G. P. Ltd. a manufacturing organization that has three products X, Y and Z.

Product	Estimated stock at the beginning of the budget period	Estimated stock at the end of the budget period	Estimated sales as per sales budget
X	500	700	672
Y	400	800	449
Z	600	850	789

5. What is the main difference between cost accounting and financial accounting?

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