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SEAT No. \_\_\_\_\_

No. of Printed Pages : 4

[2/A-8]

**SARDAR PATEL UNIVERSITY**  
**BBA (GEN) Semester - IV Examination**

**Cost Accounting**  
**UMO4CBBA04**

11<sup>st</sup> April, 2018, Wednesday  
10:00 To 12:00

**Total Marks: 60**

**Que.1** (15 Marks)  
Explain the Meaning & Advantages of Cost Accounting? How it is differ from financial accounting?

**OR**

**Que.1** (15 Marks)  
Explain Cost Classification in detail.

**Que.2 (A)** (08 Marks)

From the following information calculate: (1) Economic Order Quantity, (2) Ordering Level, (3) Minimum Level, (4) Maximum Level

|                              |                  |
|------------------------------|------------------|
| Annual Consumption           | 5625 units       |
| Per unit Cost                | Rs.10            |
| Ordering Cost                | Rs.200 per order |
| Carrying cost                | 10% of cost      |
| Average Consumption per week | 70 Units         |
| Maximum Consumption Per week | 100 Units        |
| Ordering Time                | 2 to 4 weeks     |

**Que.2 (B)** (07 Marks)  
Write note on: ABC Analysis for Inventory Control

**OR**

**Que.2 (A)** (07 Marks)  
Explain meaning and causes of Labour Turnover.

**Que.2 (B)** (08 Marks)

In a factory there are three workers Mr.A, Mr.B and Mr.C following information is available about their work during the month of March, 2018.

| Particulars         | Mr.A      | Mr,B      | Mr.C      |
|---------------------|-----------|-----------|-----------|
| Time Allowed        | 200 Hrs.  | 220 Hrs.  | 240 Hrs.  |
| Standard Production | 160 Units | 110 Units | 200 Units |
| Wage Rate per Hr.   | Rs.30     | Rs.20     | Rs.25     |
| Actual Production   | 180 Units | 125 Units | 195 Units |

[P.T.O] (1)

You are required to calculate total earning of all three workers for the month of March, 2018 as per:-

- (1) Halsey Plan
- (2) Rowan Plan

**Que.3**

**(15 Marks)**

In the factory of Kamal Ltd. there are three production department A, B and C and two service department D and E. The details of the expenses during March, 2018 are as under.

|                         |        |
|-------------------------|--------|
| Power                   | 36,000 |
| Depreciation of Machine | 29,700 |
| Rent                    | 20,000 |

| Particular             | A      | B      | C      | D     | E     |
|------------------------|--------|--------|--------|-------|-------|
| Cost of machine (Rs.)  | 72,000 | 48,000 | 36,000 | 1,200 | 1,200 |
| Horse power of machine | 4      | 6      | 2      | -     | -     |
| Space occupied sq. ft. | 600    | 400    | 500    | 300   | 200   |

The benefit of service department D and E is derived by the other departments in the following proportion.

| Department | A   | B   | C   | D   | E   |
|------------|-----|-----|-----|-----|-----|
| D          | 20% | 30% | 40% | -   | 10% |
| E          | 30% | 30% | 30% | 10% | -   |

Prepare a statement showing:

- (1) Distribution of overhead to various departments.
- (2) Distribution of expenses of service department to production departments as per repeated redistribution method.

**OR**

**Que.3 (A)**

**(09Marks)**

In a manufacturing firm, there are three production and two service departments, overheads and the percentage of benefit derived of service departments are given below.

| Particulars          | Production department |        |        | Service department |       |
|----------------------|-----------------------|--------|--------|--------------------|-------|
|                      | A                     | B      | C      | X                  | Y     |
| Total over heads     | 30,000                | 20,000 | 15,000 | 4,000              | 3,000 |
| Benefit from dept. X | 40%                   | 20%    | 30%    | -                  | 10%   |
| Benefit from dept. Y | 30%                   | 20%    | 30%    | 20%                | -     |

Distribute overheads of service departments among production departments by using repeated distribution method.

**Que.3 (B)**

Write Note on: Machine hour Rate

(06Marks)

**Que.4**

(15 Marks)

Profit and Loss Account of Sonal Co.. Ltd. ended on 31<sup>st</sup> March 2018 was as under:-

| <u>Particulars</u>    | <u>Debit Rs.</u> | <u>Particulars</u>                         | <u>Credit Rs.</u> |
|-----------------------|------------------|--|-------------------|
| Materials consumed    | 1,37,000         | Sales (6000 units)                         | 3,00,000          |
| Wages                 | 75,500           | Closing stock of finished Goods(500 Units) | 8,000             |
| Factory expenses      | 41,500           |  |                   |
| Office expenses       | 19,120           |  |                   |
| Selling expenses      | 22,500           |  |                   |
| Expenses written off: |                  |  |                   |
| -Goodwill             | 2,000            |  |                   |
| -Pre. expenses        | 1,000            | Rent received                              | 6,900             |
| Net profit            | 16,280           |  |                   |
|                       | <u>3,14,900</u>  |  | <u>3,14,900</u>   |

In cost accounts of company: Factory expenses 20 percent on prime cost, office expenses at the rate of Rs.0-60 per unit produced and selling expenses at the rate of Rs.0-80 per unit sold are recovered.

Find out profit by preparing cost sheet and prepare reconciliation statement to compare it with profit as per financial accounts.

**OR**

**Que.4**

(15 Marks)

Choti Ltd. produced 10,000 units and sold 10,500 units @ Rs.40 per unit during the years 2017. Company provides you following Information.

Stock as on 1<sup>st</sup> January, 2017

Work in process Rs.16,000

Finished Goods 1,000 units @ Rs.24 per unit

Stock as on 31<sup>st</sup> December, 2017

Work in process Rs.20,000

Finished Goods ?

[P.T.O.]

③

**Transactions during the year 2017**

|   |               |
|---|---------------|
| Material consumed 2 kg per unit @ Rs.5 per kg |               |
| Direct wages 2 hrs. Per unit @ Rs.3 per hour  |               |
| Carriage Inward                               | Rs.15, 000    |
| Carriage Outward                              | Rs. 7,000     |
| Telephone Expenses                            | Rs. 10,000    |
| Sales Commission                              | Rs.2 per unit |
| Factory Rent                                  | Rs.6, 000     |
| Depreciation on machinery                     | Rs.10, 000    |
| Office Salary                                 | Rs.20, 000    |
| Indirect Wages                                | Rs.10, 000    |
| Advertisement expenses                        | Rs.5, 000     |
| Salary to supervisor                          | Rs.24, 000    |
| Administrative Expenses                       | Rs.20, 000    |

**You are required to find out per unit cost and profit.**

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