

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

No. of Printed Pages: 04

[6/A-5]

SARDAR PATEL UNIVERSITY  
BBA (ITM) SEM: IV EXAMINATION (NC)

2018

TUESDAY, 17<sup>th</sup> APRIL

10.00 A.M. to 12.00 P.M.

UM04CBB102: COST & MANAGEMENT ACCOUNTING

Total Marks: 60

**Note:** Figures to the right indicate marks of question.  
All working notes are part of the answers.

**Q:1** From the following information of Ashapura Ltd. for the year 2017 you are required to prepare Cost Sheet. [15]

Particulars	Amt.
Stock of Raw material -Opening	1,88,000
Stock of Raw material -Closing	2,00,000
Purchase of Raw material	8,32,000
Direct wages	2,38,400
Indirect Wages	16,000
Salary to office staff	40,000
Carriage Inward	32,000
Carriage Outward	20,000
Sales	15,79,800
Cash discount allowed	14,000
Bad debt written off	18,800
Repairs of plant and machinery	42,400
Rent and rates-factory	12,000
Rent and rates-Office	6,400
Travelling Expenses	12,400
Salesmen's Salary and commission	33,600
Depreciation on Plant and machinery	28,900
Depreciation on furniture	2,400
Director's Fees	24,000
Electricity charges (Factory)	48,000
Fuel	63,500
General charges	24,800
Manager's salary	48,000

The manager's time is shared between the factory and office in the ratio of 20:80.

OR

**Q:1[A]** What is costing accounting? Discuss advantages of cost accounting. [08]

**[B]** Distinguish between cost accounting and financial accounting. [07]

(P. T. O.)

- Q:2** Radha Ltd. has three production department ABC and two service department X and Y. From the following figures extracted from the records of the company prepare overhead distribution summary. [15]

Particulars	Rs.
Rent and taxes	5,000
Lighting & Electricity	600
Indirect wages	1,500
Power	1,500
Depreciation on machinery	10,000
Other Expenses & Sundries	10,000

Following further details are also available:

Items	Total	A	B	C	X	Y
Floorarea (sq.ft.)	10,000	2,000	2,500	3,000	2,000	500
No. of light points	60	10	15	20	10	5
Direct wages	10,000	3,000	2,000	3,000	1,500	500
HP of machines	150	60	30	50	10	-
Value of Machine	2,50,000	60,000	80,000	1,00,000	5,000	5,000

The expenses of service dept. X and Y are to be apportioned as follows:

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

**OR**

- Q:2[A]** The following particulars are relates to MNM Ltd. which has three production depts. P, Q and R and two service depts. X and Y. [08]

	Departments				
	P	Q	R	X	Y
Total O/H as per	Rs.6300	Rs.7400	Rs.2800	Rs.4500	Rs.2000
Primary Distribution					

The company had decided to apportion the service department costs on the following percentages:

	P	Q	R	X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

Find out total overhead of production depts. using repeated distribution method.

- [B]** Define overhead. Explain behavior-wise classification of overheads with illustration. [07]

Q:3[A] Mahalaxmi Ltd. provides following information:

[10]

Particulars	A (Per unit)	B (Per unit)
Selling price	100	120
Consumption of RM (Kg.)	2	3
Material cost	Rs.10	Rs.15
Direct wages	Rs.15	Rs.10
Direct expenses	Rs.5	Rs.6
Machine hours used	3	2
Fixed Overheads	Rs.5	Rs.10
Variable Overheads	Rs.15	Rs.20

Direct Wage rate is Rs.5 per hour. Comment on profitability of each product when:

- When total sales in units is a limiting factors
- When total sales in value is a limiting factor
- Raw material is in short supply
- When capacity in machine hour is limiting factor

[B] Draw a break even chart and explain its utility in brief.

[05]

OR

Q:3[A] The following figures are available with respect to a particular company:

[10]

Year	Sales	Profit
2016	1,20,000	8,000
2017	1,40,000	13,000

Calculate:

- P/V Ratio
- Breakeven point
- Sales to earn profit of Rs.12,000
- Profit at sales of Rs. 1,80,000
- Margin of safety in the year 2017

[B] The following data are given:

[05]

Fixed expenses	Rs.1,00,000
Variable expenses	Rs.10 per unit
Selling price	Rs. 15 per unit

Calculate:

- P/V Ratio.
- Breakeven Point (Rs.)

(P.T.O.)

**Q:4** Summarized income and expenditure forecast for the month of March to August, 2017 are given below: [15]

Month	Sales	Purchases	Wages	Overheads
March	60,000	36,000	9,000	10,000
April	62,000	38,000	8,000	9,500
May	64,000	33,000	10,000	11,500
June	58,000	35,000	8,500	9,000
July	56,000	39,000	9,500	9,500
August	60,000	34,000	8,000	8,500

You are required to prepare a cash budget for 3 months starting on 1<sup>st</sup> May, 2017 keeping in view the following information.

- 1) Cash balances as on 1<sup>st</sup> May, 2017 Rs.8, 000.
- 2) Sales and purchases all are on credit.
- 3) Plant costing Rs. 16,000 is due for delivery in July payable 10% on delivery and the balance after 3 months.
- 4) Advance tax installments of Rs.8,000 each are payable in March and June.
- 5) The period of credit allowed by supplier is 2 months and that allowed to customers is 1 month.
- 6) Lag in payment of all expenses is one month.

OR

**Q:4[A]** The following particulars are available from the records of manufacturing company for two levels of activity: [10]

Level of activity	60%	100%
Budgeted production (units)	6000	10000
Indirect wages	12000	20000
Consumable stores	9000	15000
Repairs & maintenance	11000	15000
Power & fuel	16000	20000
Depreciation	40000	40000
Insurance	10000	10000
Total	98000	120000

Prepare a flexible Budget at 50 % and 80% capacity.

**[B]** State objectives of budgetary control. [05]

— X —