

[3/A-5]

SEAT No. _____

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SARDAR PATEL UNIVERSITY
B.B.A. (GENERAL) Examination, IVth Semester
Monday, Date 8th April 2019
Session: Morning Time: 10:00 A.M. to 12:00 P.M.
Subject/ Course Code: UM04CBBA04
Subject/ Course Title: Cost Accounting.

Total Weightage/Marks: 60

Note: Figures to the right indicate full marks of the question.

Que. 1. (A). What is Cost Accounting? Explain the Objectives of Cost Accounting. (08)

(B). Describe: Advantages of Cost Accounting. (07)

OR

Que. 1.(A) Describe the difference between Financial Accounting and Cost Accounting. (08)

(B) Write short note on Installation of Costing System. (07)

Que. 2.(A) Discuss: Causes of Labour Turn Over (05)

(B) From the following information calculate: (10)

(a) Re-order stock level

(b) Minimum stock level

(c) Maximum stock level

(d) Average stock level

(e) Danzer stock level

| | |
|--|-----------|
| (1) Maximum delivery period | 50 days |
| (2) Average delivery period | 40 days |
| (3) Minimum delivery period | 30 days |
| (4) Maximum delivery period for emergency purchase | 7 days |
| (5) Maximum rate of consumption per day | 40 units |
| (6) Average rate of consumption per day | 30 units |
| (7) Minimum rate of consumption per day | 20 units |
| (8) Ordering quantity | 640 units |

(1)

(P.T.O.)

OR

Que. 2.(A) A Worker has been allowed to complete a work in 48 hours, but he completes the work in 36 hours. Labour rate per hour is Rs. 120. If cost of material is Rs.400 and factory cost overheads are 100% of direct labour, find out factory cost as per following methods. (10)

(1) Halsey plan (2) Rowan plan (3) Piece rate system (4) Time wage system

Que. 2.(B) Discuss: VED Analysis (05)

Que. 3. RK Engineering Ltd. has three production departments A, B and C and Two service departments X and Y. The following figures are extracted from the record of the company. (15)

| | |
|---------------------------|--------------|
| Rent & Rates | Rs. 50,000 |
| General Lighting | Rs. 6,000 |
| Indirect wages | Rs. 15,000 |
| Power | Rs. 7,500 |
| Depreciation of Machinery | Rs. 90,000 |
| Sundries | Rs. 1,00,000 |

The following further details are available:

| Particulars | A | B | C | X | Y |
|------------------------|----------|----------|-----------|--------|--------|
| Floor Space (sq. ft) | 2,000 | 2,500 | 3,000 | 2,000 | 500 |
| Light points | 20 | 30 | 40 | 20 | 10 |
| Direct Wages (Rs.) | 30,000 | 20,000 | 30,000 | 15,000 | 5,000 |
| HP of Machines | 60 | 30 | 50 | 10 | - |
| Value of Machines(Rs.) | 6,00,000 | 8,00,000 | 10,00,000 | 50,000 | 50,000 |
| Working hours | 6,000 | 4,000 | 4,100 | - | - |

The expenses of X and Y are allocated as follows:

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

What is factory cost of the product if its raw material cost is Rs. 500, labour cost 300 and it passes through departments A, B and C for 6, 8 and 5 hours respectively.

OR

2

Que. 3 Compute the machine Hour Rate from the following data.

(15)

| | |
|---|---------------|
| Cost of Machine | Rs. 10,00,000 |
| Installation Charges | Rs. 10,000 |
| Estimated Scrape Value (after the expiry of its life 15 years.) | Rs. 50,000 |
| Rent & Rates for the shop per month | Rs. 2,000 |
| Genral Lighting for the shop per month | Rs. 3,000 |
| Insurance Premium for the machine per annum | Rs. 9,600 |
| Repairs and Maintenance per annum | Rs. 10,000 |
| Power consumption (10 units per hour, rate of power per 100 units Rs. 20) | |
| Estimated working hours per annum 2,200 | |
| (This includes setting up time of 200 hours) | |
| Shop supervisor's Salary per month | Rs. 6,000 |

The Machine occupies 1/4th of the total area of the shop. The supervisor is expected to devote 1/5th of his time for supervising the machine.

Que. 4. Following is the Trading and Profit and Loss A/c of Ketan Ltd. for the year ended on 31-12-2016: (15)

| Particulars | Rs. | Particulars | Rs. |
|--------------------------|------------------|--------------------------------------|------------------|
| Direct Materials | 12,00,000 | Sales (12,000 units at 60% capacity) | 34,27,600 |
| Direct Labour | 7,20,000 | | |
| Direct Expenses | 2,40,000 | | |
| Factory Overheads | | | |
| Fixed 2,00,000 | | | |
| Variable <u>2,40,000</u> | 4,40,000 | | |
| Gross Profit c/d | 8,27,600 | | |
| | <u>34,27,600</u> | | <u>34,27,600</u> |
| Office Overheads (fixed) | 3,00,000 | Gross Profit | 8,27,600 |
| Selling Over heads | | | |
| Fixed 1,20,000 | | | |
| Variable <u>96,000</u> | 2,16,000 | | |
| Net Profit | 3,11,600 | | |
| | <u>8,27,600</u> | | <u>8,27,600</u> |

(3)

(P.T.O)

Following information are available for the year 2017:

- (1) Production will be 20,000 units and selling will be 16,000 units.
- (2) Price of material per unit will increase by 20% and labour rate will also increase by 10%.
- (3) There will be an increase of 25% in variable selling overheads per unit.
- (4) Fixed factory overheads will increase by Rs. 1,00,000, fixed selling overheads will increase by Rs. 40,000 and fixed office overheads will increase by Rs. 80,000
- (5) Rate of Profit on cost will be 25%.

From the above particulars, prepare :

- (1) Cost Sheet for the year 2016.
- (2) Estimated Cost sheet for the year 2017.

OR

Que. 4. The Profit as per Cost Account is Rs. 2,70,000. The following details are available (15) for cost accounts and financial accounts.

| | Cost Accounts | Financial Accounts |
|-------------------------|---------------|--------------------|
| 1) Opening Stock | | |
| Material | 64,000 | 64,400 |
| Work in Progress | 20,000 | 21,000 |
| 2) Closing Stock | | |
| Materials | 36,000 | 34,400 |
| Work in Progress | 17,000 | 16,200 |
| Finished Goods | 10,000 | 10,000 |

- 3) Directors fees paid Rs. 800, Interest paid Rs. 1000. Reserve for bad debts Rs. 500, Share Transfer fees received 400 and dividend received Rs. 600 are taken in financial accounts but ignored in cost accounts.
- 4) Rent charge in costing but not in financial accounts Rs. 5,000
- 5) Preliminary Expenses written off Rs.10,000 in financial accounts only.
- 6) Overhead charged in financial accounts Rs. 1,20,000 but recovered in costing Rs. 1,25,000.

Prepare a Reconciliation statement and find out profit as per financial accounts.

— X —
(4)