

[5] Seat No. _____

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SARDAR PATEL UNIVERSITY
BBA (ITM) SEM: IV EXAMINATION
MONDAY, 8th APRIL 2019
10:00 A.M. to 12:00 P.M.
UM04CBB108: COST ACCOUNTING

Total Marks: 60

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

Q:1[A] "Costing system has become an essential tool in the hands of management"- Explain in the light of above statement, advantages of cost accounting to the management. **[08]**

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

OR

Q:1[A] What are the methods of costing? Explain their adaptability in different industries. **[08]**

[B] What is cost accounting? Discuss limitations of cost accounting. **[07]**

Q:2[A] From the information given below, calculate total earnings of each employee, under Halsey Plan and Rowan plan. **[08]**

Employee	A	B	C
Time Allowed (Per 100 units)	35	40	42
Wage rate per hour	Rs 7	Rs 8	Rs 10
Actual time taken in hours	50	48	46
Actual units produced	200	150	125

[B] What you mean by labour turnover? Enumerate the causes of labour turnover. **[07]**

OR

Q:2[A] From the following particulars of Krishna Ltd you are required to calculate: **[08]**

- 1) Re order Quantity
- 2) Re order level
- 3) Minimum level
- 4) Maximum level
- 5) Average stock level
- 6) Danger level

Annual requirement of a product	5,000 units
Cost of placing an order	Rs.20
Purchase price per unit	Rs.50
Annual carrying cost per unit	10% of value of inventory
Re-order period	5 to 15 days
Average re-order period	10 days
Lead time for emergency purchase	4 days
Average usage	15 units per day
Minimum usage	10 units per day
Maximum usage	20 units per day

[B] What do you understand by ABC Analysis? What are its advantages? **[07]**

(P.T.O.)

Q:3 Aadhya Ltd. has three production department XYZ and two service department A and B. The following figures for a certain period have been made available. **[15]**

Particulars	Rs.
Rent and taxes	10,000
Lighting & Electricity	1,200
Indirect wages	3,000
Power	3,000
Depreciation on machinery	20,000
Other Expenses & Sundries	20,000

Following further details are also available:

Items	Total	X	Y	Z	A	B
Floor area (sq.ft.)	10,000	2,000	2,500	3,000	2,000	500
No. of light points	120	20	30	40	20	10
Direct wages	20,000	6,000	4,000	6,000	3,000	1,000
HP of machines	300	120	60	100	20	-
Value of machinery	1,00,000	24,000	32,000	40,000	2,000	2,000

The expenses of service dept. A and B are to be apportioned as follows:

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

Distribute overheads to various departments and redistributes overheads of service departments using repeated distribution method.

OR

Q:3[A] Define the term overhead. Explain functional classification of overheads with suitable examples. **[08]**

[B] The following particulars are relates to Good luck Ltd. which has three production depts. P, Q and R and two service depts. X and Y. **[07]**

Production departments

P Rs. 80,000 Q Rs.70,000 R Rs. 50,000

Service departments

X Rs. 23,400 Y Rs. 30,000

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

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

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

Q:4 The following data have been extracted from the books of Janki Ltd. [15]

for the year ended on 31st March 2019.

Units produced during the year: 1200 units

Units sold during the year: 1000 units

Particulars	Rs.
Direct material	3,60,000
Productive wages	2,40,000
Other direct expenses	1,20,000
Provision for bad debt	10,000
Factory rent and salaries	12,000
Depreciation on plant	18,000
Gas and water	6,000
Factory supervision	24,000
Electricity bill (60% for factory and rest for office)	30,000
Telephone bill (30% for factory, 50% for office and remaining for selling and distribution department)	48,000
Director's fee	12,000
Salary of office staff	6,000
Office stationery	3,000
Legal charges	4,200
Advertisement expenses	3,400
Carriage outward	1,000
Bad debt	300
Salary of salesman	6,900

The company wants to earn 20% profit on cost. Prepare cost sheet showing cost per unit, profit and sales.

OR

Q:4 Sita Ltd. has furnished you the following information for the year ending on 31-3-2018. [15]

Trading and Profit & Loss account for the year ending on 31-3-2018

Particulars	Amt	Particulars	Amt
To Opening Stock (500 units, at Rs.35 each)	17500	By Sales (10250 units)	717500
To Material Consumed	260000	By Closing stock (250 units, at Rs.50 each)	12500
To wages	150000		
To Factory overheads	94750		
To Gross Profit	207750		
	730000		730000
To Admini. Expenses	106000	By Gross Profit	207750
To Selling & dist. Exps.	55000	By Interest Received	250
To Bad Debt Reserve	4000	By Rent Received	10000
To Preliminary Exps written off	5000		
To Net Profit	48000		
	218000		218000

(3)

(P.T.O)

The cost sheet shows the cost of material at Rs. 26 per unit, and the labour cost at Rs. 15 per unit. The factory overheads are absorbed at 60% of direct labour cost and administration overheads at 20% of factory cost. Selling overheads are charged at Rs. 6 per unit.

The opening stock of finished goods is valued at Rs. 45 per unit. As per cost records, closing stock is out of the units manufactured during the year.

Prepare:

1. Cost Sheet for the year 2017-18.
2. A statement showing the reconciliation of both the profits.

*****X*****