

SARDAR PATEL UNIVERSITY

BBA (ISM) IIIrd Semester

2018

Wednesday, 28th November

02:00 P.M. to 04:00 P.M.

Cost Account-UM03CBBS08

Maximum Marks: 60

Note: Figure in bracket indicates marks of question.

- Q.1 A manufacturing company provided the following details for 10,000 unit of production during the year ended on 31st march 2018. [15]

Particulars	Amt. (₹.)
Material consumed	3,60,000
Direct wages	2,40,000
Lighting of factory	22,000
Labour welfare expenses	20,000
Power and fuel	48,000
Office salaries	40,000
Selling expenses	70,000
Factory indirect wages	60,000
Plant repairs and depreciation	20,000

All units were sold at a price of ₹.100 per unit. Estimated for next year:

1. Selling price per unit will be ₹.98 per unit.
2. Direct material and labour cost will increase by 10%.
3. Production and sales for next year will be 20000 units.

Prepare:

- 1) Cost sheet for the year ended on 31st march 2018.
- 2) Estimated cost sheet for the year ended on 31st march 2019. Assuming the 20,000 units will be produced and sold and factory overheads will be recovered as a percentage of direct wages. Administrative overheads and selling overheads will be recovered as a percentage of factory cost.

OR

- Q.1 What is cost accounting? What are the advantages and limitations of cost accounting? Explain in detail. [15]

- Q.2 a) In a factory there are three production departments A B and C and Two service departments. M and N. The details about the expenses are as under. [10]

Particulars	Amount [₹.]	Particulars	Amount [₹.]
Rent and rates	40,000	Power	4,800
Lighting	960	Contribution to ESI	1,300
Canteen Expenses	3,600	Salary of Factory Manager	4,800
Insurance	2,640	Depreciation	6,600
Indirect Wages	2,600		

You are supplied with the additional information:

	A	B	C	M	N
No of workers	10	12	8	6	4
Space Occupied	300	200	250	150	100

Light Points	6	5	4	3	2
Consumption of power units	400	600	200	---	---
Cost of Machine [₹.]	60,000	40,000	30,000	1,000	1,000
Direct Wages [₹.]	4,300	4,000	2,900	1,200	400
Proportion of time devoted by factory manager	5	5	4	1	1

Show the distribution of overheads.

b) Explain the classification of Overheads in brief. [05]

OR

Q.2 a) From the following details find out Minimum level and safety stock: [08]

Re-ordering Level	450 units
Re-order quantity	500 units
Maximum Level	850 Units
Average Consumption	10 Units
Minimum Procurement Time	20 Days

b) Explain EOQ and ABC Analysis. [07]

Q.3 Trading and profit and loss A/c of Maya co. ltd, for the period ended on 31st March, 18. [15]

Debit	₹.	Credit	₹.
To material consumed	3,00,000	By sales (18,000 units)	6,30,000
To direct labour	1,50,000	By finished (2,000 units)	50,000
To factory exp	75,000	By dividend received	9,000
To admin. Exp	30,000	By interest received	10,000
To selling and dist. exp	45,000		
To preliminary exp written off	10,000		
To income tax	20,000		
To net profit	69,000		
	6,99,000		6,99,000

The co. manufactured a standard unit.

In cost accounts:

1. Factory overhead have been allocated to production at 20% on prime cost.
2. Administration Overhead at ₹.2 per unit on units produced.
3. Selling and distribution Overheads at ₹.3 per unit sold.

You are required to prepare a cost sheet and to reconcile the profit that is shown in the financial books.

OR

Q.3 What is reconciliation statement? What are the reasons for difference in profit as per cost and financial statement? [15]

Q.4 Define cost audit. Explain the types and advantages of cost audit. [15]

OR

Q.4 Explain the cost auditor appointment, qualification along with his duties and the responsibilities. [15]

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