

(A-2-Eng) Seat NO: _____

No. of Printed Pages : 6

SARDAR PAREL UNIVERSITY
B.COM (2010 Batch) **EXAMINATION, SECOND**
SEMESTER
FRIDAY, 6TH MAY, 2016
SESSION: MORNING, TIME: 10:30 A.M. TO 12:30 P.M
SUBJECT / COURSE CODE: UB02CCOM04 / 12
SUBJECT/COURSE TITLE: FUNDAMENTALS OF COST
ACCOUNTING

Total Weight/ Marks: 60

NOTE: Figures to the right indicates marks of the question.

Que: 1 Define Cost Accounting. Explain advantages and limitations of Cost Accounting. (15)

OR

Que: 1 RK Manufacturing Company manufactured and sold 500 mixies in the year 2014. The Summarised Trading and Profit and Loss Account for the year 2014 is as under: (15)

Particulars	Rs.	Particulars	Rs.
To Cost of materials	3,20,000	By Sales	16,00,000
.. Direct wages	4,80,000		
.. Manufacturing charges	2,00,000		
.. Gross Profit	6,00,000		
	16,00,000		16,00,000
To Management staff salaries	2,40,000	By Gross Profit	6,00,000
.. Rent, Rates and Insurance	40,000		
.. General Expenses	80,000		
.. Selling Expenses	1,20,000		
.. Net Profit	1,20,000		
	6,00,000		6,00,000

For the year 2015, it is estimated that

- (1) The output and sales will be 2,000 mixies.
- (2) Price of materials will rise by 25%.

①

(P.T.O.)

- (3) Wages rates will rise by 10%.
- (4) Manufacturing charges will increase in proportion to the combined cost of materials and wages.
- (5) Selling expenses per unit will increase by 25%.
- (6) Other expenses will remain unaffected by the rise in output.

Prepare statement showing the price at which mixy to be manufactured in 2015 should be marketed so as to show a profit of 20% on selling price.

Que: 2 (A) From the following information calculate: (10)

- (a) Re-order stock level
- (b) Minimum stock level
- (c) Maximum stock level
- (d) Average Stock Level
- (e) Dander stock level
 - (1) Maximum delivery period 45 days
 - (2) Average delivery period 35 days
 - (3) Minimum delivery period 25 days
 - (4) Maximum deliver period for emergency purchase 5 days
 - (5) Maximum rate of consumption per day 30 units
 - (6) Average rate of consumption per day 25 units
 - (7) Minimum rate of consumption per day 20 units
 - (8) Ordering quantity 600 units

Que: 2 (B) Explain: Labour Turnover Rate. (05)

OR

Que: 2 (A) Worker is allowed 9 hours to complete a job on time wages. (10)
He completes the job in 6 hours on piece wages. His time wage is 75 paise per hour.

Material cost of a product is Rs. 12 and factory overheads are recovered at 150% of the total direct wages.

Calculate the factory cost of the product under:

- (1) Piece wage plan
- (2) Halsey wage plan and (3) Rowan wage plan.

Que: 2 (B) Explain: Economic Order Quantity.

(05)

Que: 3 Production is carried out through three identical machines in a factory. Calculate a machine hour rate from the following information given for a machine: (15)

(1) Purchase price of each machine	Rs. 26,000
(2) Life of a Machine	Years 10
(3) Rent and Taxes(yearly)	Rs. 3,750
(4) Repairs and maintenance exp.	Rs. 3,000
(5) Estimated scarp value of each machine	Rs. 1,000
(6) Power (20 paise per unit, yearly)	Rs. 15,000
(7) Electricity(Monthly)	Rs. 625
(8) Wages(Monthly)	Rs. 2,000
(9) Supervisor's Salary(Monthly)	Rs. 1,500
(10) Sundry supplies(Monthly)	Rs. 500
(11) Hire purchase instalment including interest (for each machine)(Interest Rs. 1,500)(half yearly)	Rs. 6,000

The machine consumes 10 units of power per hour. The supervisor devotes 1/3 time to this machine.

OR

Que: 3 In a factory there are three production department A, B and C and two service department D and E. The details of the expenses during March 2016 are as under (15)

	Rs.		Rs.
Indirect wages	3000	Rent and rates	3800
Insurance	1500	Contribution to ESI	1000
Canteen expenses	4500	Depreciation	12000
Lighting	2000	Power	22500

(3)

(P.T.O.)

Other Information

Particulars	A	B	C	D	E
(1) Lighting Points	6	4	4	3	3
(2) Direct wages (Rs)	6000	5000	4000	3000	2000
(3) Cost of machine (Rs)	72000	48000	36000	12000	12000
(4) Horse power of machine	6	6	3	-	-
(5) Space occupied (sq. Feet)	600	400	500	200	200
(6) Number of workers	5	6	4	2	1

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

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

Prepare the statement showing

- (1) Distribution of overheads to various departments
- (2) Distribution of expenses of services – departments to production departments.

Que : 4 SK Co. Provides following information about his production cost per unit. (15)

Material consumed	30.00
Wages	20.00
Factory overhead expenses 25% of prime cost	
Office overhead expenses	6.00
Selling and distribution expenses	2.50

Profit and Loss Account as per Financial account is as per under:

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening stock of finished Goods (5,000 units)	3,50,000	By Sales	38,80,000
To material expenses	15,00,000	By closing stock of finished goods(6,500 units)	4,50,750
To wages expenses	10,00,000	By Bank interest	15,000
To Factory expenses	6,40,000	By Income tax refund	8,000
To Office expenses	3,25,000		
To selling expenses	1,15,250		
To Penalty	15,000		
To Written of preliminary Expenses	3,000		
To Income tax provision	35,000		
To Net Profit	3,70,500		
	<u>43,53,750</u>		<u>43,53,750</u>

You are required to prepare a statement of cost, Reconciliation statement of both the profit.

OR

Que: 4 (A) From the following data prepare a reconciliation statement. (09)

(1) Profit as per cost accounts	Rs. 145500
(2) Works over head under recovered	Rs. 9500
(3) Administrative over head under recovered	Rs.22750

(P.T.O.)

5

(4) Selling over head over recovered	Rs. 19500
(5) Over valuation of opening stock in cost accounts	Rs. 15000
(6) Over valuation of closing stock in cost accounts	Rs. 7500
(7) Interest earned during the year	Rs. 3750
(8) Rent received during the year	Rs. 27000
(9) Bad debts written off during the year	Rs. 9000
(10) Preliminary expenses written of during the year	Rs. 18000

Que: 4 (B) Describe Causes of disagreement of Profit of cost and Financial Account. (06)

