

Sc

SEAT No. _____

[26 & A-15] SARDAR PATEL UNIVERSITY
 BBA (ISM) 3rd SEMESTER EXAMINATION
 FRIDAY, 24th NOVEMBER, 2017
 2.00 P.M. TO 4.00 P.M.
 COST ACCOUNT (UM03CBBS08)

TOTAL MARKS: 60

- 1 What is the meaning of Cost Accounting? And Also explain the Advantages and Disadvantages of Cost Accounting. 15

OR

- 1 The following particulars are obtained from the books of Anil Ltd. for the year 2013. 15

Particulars	Rs.
Production and Sales (in units)	1200
Direct Material	160800
Direct Wages	102000
Direct Expenses	14400
Factory Overheads (40% Variable)	102000
Office Overheads (Fixed)	57600
Selling Overheads (20 % Fixed)	48000
Rate of Profit on Sales	20%

For the year 2014 it is estimated that:

- 1) The Production and Sales will increase by 1800 units.
- 2) Direct Material per unit will rise by Rs. 26.
- 3) Direct Wages per unit will fall by 20%.
- 4) Fixed Factory overheads will increase by Rs. 4800.
- 5) Variable Selling overheads will increase by Rs. 1.60 per unit.
- 6) The rate of profit on cost will remain same as per previous year.

Prepare:

- 1) Statement of cost showing total as well as per unit cost and profit for the year 2013.
- 2) A statement of cost showing estimated profit for the year 2014.

- 2 Find out from the following particulars of Daxa Ltd. 10

- (A)
1. Re-Order Stock Level
 2. Minimum Stock Level
 3. Maximum Stock Level
 4. Average Stock Level
 5. Safety Stock Level.

Maximum Delivery Period	40 days
Maximum Delivery Period for Emergency Purchase	4 days
Average Delivery Period	35 days
Minimum Consumption Per Day	1500 units
Average Consumption Per Day	1750 units
Economic Order Quantity is 30 % of Reordering Level	

(P.T.O.)

(B) Write a short note on: ABC Technique.

05

OR

- 2 In a factory there are three production department A, B and C and 15 two service department D and E. The detail of the expenses during March 2007 are as under:

Factory Manager's Salary	30000
Power	36000
Depreciation of Machine	29700
Contribution of E.S.I	6500
Rent of Rates	20000
Lighting	16000
Canteen Expenses	6000
Insurance	6600
Indirect Wages	13000

Other information :

Particulars	A	B	C	D	E
Lighting Points	6	5	4	3	2
Direct Wages Rs.	4500	4000	2900	1200	400
Cost of Machine Rs.	72000	48000	36000	1200	1200
Horse Power of Machine	4	6	2	-	-
Space Occupied Sq. Ft.	600	400	500	300	200
Proportion of Time Devoted by Factory Manager	5	4	3	2	1
Number of Workers	5	6	4	3	2
Working Hours	400	300	500	-	-

The benefit of Service Departments D and E is derived by the other departments in the following proportion.

Departments	A	B	C	D	E
D	20%	30%	40%	-	10%
E	30%	40%	30%	-	-

Prepare as statements showing.

- 1) Distribution of overhead to various departments.
- 2) Distribution of expenses of service departments to production department.
- 3) Calculate the machine hour rate of production departments A, B and C.

- 3 The Profit and Loss A/c of NISHA Ltd. for the year ending on 15 31-12-2009 is as under.

Profit and Loss A/c			
Particulars	Rs.	Particulars	Rs.
To Opening Stock (Finished Stock 5000 Unit)	350000	By Sales	3880000
To Material Expenses	1500000	By Closing Stock (Finished Stock 6500 Unit)	450750
To Wages	1000000	By Interest Received	15000
To Factory Expenses	640000	By Income Tax Refund	5000
To Office Expenses	325000	By Share Transfer Fees	3000
To Selling Expenses	115250		
To Penalty	15000		
To Goodwill (Written off)	3000		
To Income Tax	35000		
To Net Profit	370500		
	4353750		4353750

The following information is taken from the costing department of the company.

- 1) Material expenses- Rs. 30 per unit.
- 2) Wages expenses- Rs 20 per unit.
- 3) Work overheads- 25% of Prime cost.
- 4) Office overheads- Rs. 6 per unit.
- 5) Selling and distribution expenses- Rs. 2.50 per Unit sold.

Prepare a Statement Of Cost and Reconciliation Statement.

(P.T.O.)

OR

- 3 The following figures are available from financial accounts of 15 KIRTI LTD. for the year ended 31-3-2007.

Particulars	Rs.
Sales (60000 Unit)	650000
Closing Stock (Finished Stock 20000 Units)	60000
Direct Material Consumption	125000
Direct Wages	50000
Factory Overhead Expenses	90000
Administrative Expenses	240000
Selling and Distribution Expenses	80000
Interest on Debentures	10000
Income Tax Paid	5000
Legal Expenses	2500
Profit From Share Satta	25000
Interest on Deposit Received	5000

This Cost of Account reveals:

1. Direct Material Consumption 140000.
2. Administrative Expenses Rs. 2 per unit of Production.
3. Factory Overhead 20 % on Prime Cost.
4. Selling and Distribution Expenses Rs. 4 per unit.

Prepare:

- 1) Cost Sheet
- 2) Profit and Loss A/c
- 3) Statements reconciling the Profit and Loss disclosed by the Cost Sheet and Profit and Loss A/c.

- 4 Define Cost Audit. Discuss various Objectives and Types of Cost 10
(A) Audit.

- (B) Differentiate financial Audit and Cost Audit. 05

OR

- 4 Appointment and Qualification of Cost Auditor. 08
(A)

- (B) Duties and Responsibilities of Cost Auditor. 07