

SARDAR PATEL UNIVERSITY
S.Y BBA (IV Sem.) (ITM) EXAMINATION
Tuesday, 19th March 2013
11.00 am - 1.00 pm
UM04CBB101/UM04CBB104 - Cost Accounting and
Cost Management Accounting

Total Marks: 60

Notes: (1) Attempt any **Four** questions out of total seven questions.

(2) All questions carry equal marks of 15.

Q.1 From the following particulars, prepare Cost Sheet showing total [15]
cost and total profit.

	1-4-2012	30-4-2012
	Rs.	Rs.
Stock of Raw materials	75000	91500
Stock of work in progress	28000	35000
Stock of finished goods	54000	31000

Other information of this period

	Rs.		Rs.
Raw materials purchased	66000	Direct wages	54000
Sales men salaries and commission	6500	Indirect wages	2750
Factory expenses	25000	Office rent rates	2500
Depreciation of plant machinery	3500	Sun. office expenses	6500
Carriage inwards	2500	Advertisement	3500
Sales	211000		

OR

Q.1

(A) What is meant by Cost Accounting? Explain in what essential [10]
respect does cost accounting differ from financial accounting.

(B) Explain classification of cost on the basis of elements. [05]

Q.2 The following expenses have been incurred in respect of a [15]
department having four identical machines.

- (1) Rent and rates Rs. 6000 per annum
- (2) Power consumed by department at 10 paisa per unit Rs. 4800 per annum
- (3) Repairs and maintenance of machines Rs. 960 per annum
- (4) Lighting for the department Rs. 800 per annum
- (5) Two attendants, each getting Rs. 60 per month
- (6) Supervisors salary Rs. 600 per month
- (7) Lubricates oil and etc Rs. 100 per annum
- (8) Depreciation per machine Rs. 600 per annum
- (9) Hire purchase installments for the machines (including Rs. 300 as interest) Rs. 1200 per annum
- (10) Each machine consumes 10 units of power per hour .
Calculate the Machine Hour Rate.

OR

Q.2 Santosh mfg. co; has two production departments A and B and [15]
three series departments X, Y and Z.

The following figures for the year ended 31-3-2012 are available about overhead expenses.

- (1) Rent and Rates Rs. 24000
- (2) Lighting Rs. 5400
- (3) Insurance of machinery Rs. 24000
- (4) General Expenses Rs. 3600
- (5) Store overheads Rs. 3900
- (6) Indirect wages Rs. 9000
- (7) Depreciation of machinery Rs. 48000

Other informations:

Items	Total	A	B	X	Y	Z
Direct material consumed	39000	18000	21000	--	--	--
Indirect material consumed	22000	3000	4000	6000	5000	4000
Direct wages (Rs.)	36000	16000	20000	--	--	--
Area occupied (in sq. mts.)	1000	200	300	250	150	100
Cost of machinery (Rs.)	240000	80000	120000	10000	14000	16000
Power consumed (Rs.)	18000	10000	5000	--	--	3000
Light points (Nos.)	150	60	40	10	20	20

The expenses of service departments are to be allocated as follows

Service Department X		30%	20%	--	20%	30%
Service Department Y		40%	30%	--	--	30%
Service Department Z		50%	50%	--	--	--

Prepare statement showing distribution of overheads to various department and re allocated service department to production dept.

- Q.3 With the following data for 70% capacity, prepare a flexible budget [15]
for production at 80%, 90% and 100% capacity and find out total cost and per unit cost.

Production at 70% capacity - 21000 units

Material cost per unit - Rs. 40

Labour cost per unit - Rs. 15

Variable expenses per unit - Rs. 6

Factory overhead - Rs. 420000 (60% fixed)

Administrative overheads - Rs. 315000 (50% fixed)

OR

- Q.3 From the following information of Kirtan Ltd. Prepare cash budget [15]
for April to June 2012.

Month	Sales	Purchases Rs.	Wages Rs.	Production Overheads Rs.	Office Overheads Rs.	Selling Overheads Rs.
February	360000	249000	24000	6000	4000	4000
March	384000	288000	28000	8000	2000	8000
April	216000	486000	22000	6000	3000	4000
May	348000	492000	24000	9000	4000	10000
June	252000	536000	30000	10000	5000	8000
July	280000	560000	34000	11000	6000	9000
August	320000	600000	36000	12000	6000	10000

- (A) Budgeted cash on hand on 1-4-2012 is Rs. 60000.
- (B) 50% of credit sales are realised in the month following the sales and remaining 50% in the second month following the sales.
- (C) The period of credit allowed by creditors is one month.
- (D) The time lag in payment of production expenses is ½ month.
- (E) The time lag in payment of other expenses is 1 month.

- Q.4 The following information is available of X Ltd. [15]
- | | |
|------------------------|-------------|
| Selling price per unit | Rs. 150 |
| Variable cost per unit | Rs. 90 |
| Fixed expenses | Rs. 900000 |
| Sales units | 20000 units |

Calculate:

- (1) P.V. Ratio
- (2) Break Even Point (in units and in Rs.)
- (3) Margin of safety
- (4) Present profit
- (5) If selling price is decreased by 20%, find out New Break Even Point in units.
- (6) Require sales in units and in rupees to earn a profit of Rs. 600000
- (7) Required sale to earn net profit 10% of sales (in units and in rupees only)
- (8) If company reduced selling price by 10% and desired to earn present profit, Find out required sales units.

OR

- Q.4
- (A) Draw a break even chart with the help of imaginary figures and also mention [09]
- (1) Break Even Point (2) Margin of safety (3) Profit Area (4) Loss Area (5) Total cost line (6) Total Sales line.
- (B) Explain the terms [06]
- (1) Break Even Point (2) Profit volume Ratio (3) Margin of safety

- Q.5
- (A) What do you mean by Cost Accounting and Management accounting? State the limitation of cost accounting. [07]
- (B) Write short notes on: [08]
- (1) Characteristics of a good Cost system
- (2) Explain the classification of cost according to behaviour.

OR

- Q.5 Following are the particulars for the production of 2000 sewing machines of Radha Engineering Co; for the year 2010. [15]
- Cost of materials Rs. 160000, Wages Rs. 240000, Manufacturing expenses Rs. 100000, Rent, Rates and insurance Rs. 20000 Salaries Rs. 120000, Selling expenses Rs. 60000, General expenses Rs. 40000 and sales Rs. 800000.

A company plans to manufacture 3000 sewing machines during the year 2011. You are required to submit a statement showing the price at which machines would be sold so as to show a profit of 10% on selling price.

The following additional information is supplied to you.

- (a) Price of material is expected to increase by 20%.
- (b) Wages rates are expected to increase by 5%.
- (c) Manufacturing expenses will be increase in proportion to the combined cost of materials and wages.
- (d) Selling expenses per unit will remain the same.

(e) Other expenses will remain unaffected by the rise in output.

Q.6 What are the purposes of Reconciling cost and Financial accounts? [15]
Indicate the possible sources of difference between them?

OR

Q.6 From the following figures prepare a Reconciliation Statement. [15]

- (1) Net loss as per costing records Rs. 172400
- (2) Works overhead under recovered in costing Rs. 3120
- (3) Administrative overhead recovered in excess Rs. 1700
- (4) Depreciation charged in financial records Rs. 11200
Depreciation recovered in cost records Rs. 12500
- (5) Interest received not included in costing Rs. 8000
- (6) Obsolescence loss charged in financial records Rs. 5700
- (7) Income tax provided in financial books Rs. 40300
- (8) Bank interest credit in financial books Rs. 750
- (9) Store adjustment credited in financial books Rs. 475
- (10) Value of opening stock – in cost accounts Rs. 52600
– in financial accounts Rs. 54000
- (11) Value of closing stock – in cost accounts Rs. 52000
– in financial books Rs. 49600
- (12) Interest charged in cost accounts but not in financial accounts
Rs. 6000
- (13) Preliminary expenses written off in financial accounts Rs. 800
- (14) Provision for doubtful debts in financial accounts Rs. 150

Q.7

- (A) What do you understand by Material Control? Discuss the main objective of Material control. [07]
- (B) Explain the following terms in context of Material Control. [08]
 - (1) Re-Ordering Level
 - (2) ABC Analysis
 - (3) Economic Order Quantity
 - (4) Minimum Stock Level

OR

Q.7

- (A) Write short notes on: (1) Halsey Plan and (2) Rowan Plan [05]
- (B) Explain the difference between Time Rate System and Piece Wage System of Wage Payment [05]
- (C) Explain the essential features of a good Wage System. [05]
