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[10] No. of printed pages : 3

SARDAR PATEL UNIVERSITY
B.B.A. EXAMINATION
2016
Monday, 11th April
10.30 a.m. to 12.30 p.m.
UM04CBBA04 - Cost Accounting

Maximum Marks : 60

Note : Figures to the right indicate full marks of the question paper.

Q-1(a) Define Cost Accounting. State the objectives of installation of Cost Accounting System. [08]

(b) Discuss the advantages of Cost-Accounting. [07]

OR

Q.1(a) Explain in what essential respects does Cost Accounting differ from financial accounting ? [08]

(b) What practical difficulties are faced while installing a cost-accounting system ? - Explain. [07]

Q.2(a) From the following information calculate : [10]

(1) Re-order Stock level
(2) Minimum Stock level
(3) Average Stock level
(4) Maximum Stock level
(5) Danger Stock level

(1) Maximum delivery period - 90 days
(2) Average delivery period - 70 days
(3) Maximum delivery period for emergency purchase _____ 10 days
(4) Maximum rate of consumption per day _______ 60 units.
(5) Minimum rate of consumption per day ________ 40 units.
(6) Ordering quantity ________ 1200 units.

(b) Explain the concept ABC Analysis as a technique of inventory control. [05]

OR

Q.2(a) Following information has been obtained from personnel department of a factory for the year 2015. [05]

(1) Number of workers as on 01-01-2015	-	270
(2) Number of workers resigned	-	27
(3) Number of workers dismissed	-	6
(4) Number of workers retired	-	3
(5) Number of workers newly appointed	-	96

(including 72 workers employed due to expansion scheme)

From the above information find out labour-turnover rate according to following methods.

(i) Separation method (ii) Replacement method

(b) Manish has taken 20 hours to complete a job. The wage rate per hour is Rs. 8. If he has received Rs. 192 as total wages according to Rowan Plan, What would be the amounts of wages earned by him according to Halsey plan and piece wage plan ? [05]

(c) Distinguish between Time wage and Piece-wage Systems. [05]

Q.3 Calculate the machine hour rate in respect of machine 'M' from the following information. [15]

(1) Price of the machine Rs. 380000. Scrape value of the machine 10% of the Price, effective life of the machine 19 years.
(2) Wages and bonus of each operator per month Rs, 1000 (There are two operators, who look after two machines equally)
(3) Rent and rates of the factory Rs. 1500 per month.
(4) Lighting and Electricity for the factory per month Rs. 800.
(5) Insurance premium for the machine per year Rs. 2400.
(6) Cost of repairs and maintenance of the machine per year Rs. 9600.
(7) Foreman's salary (who devotes 1/5 of his time for this machine) Rs. 3000 per month.
(8) Power consumption of the machine 10 units per hour, the rate of power is Rs. 150 per 100 units.
(9) The machine occupies ¼ space of the factory.
(10) Ordinarily the machine is expected to run for 4000 hours per annum but it is estimate that 200 hours will be lost for normal repairs and further 800 hours will be lost due to normal staggering.

OR

Q.3 In a factory there are three production department A, B and C and two service departments 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

Other information

	Particulars	A	B	C	D	E
(1)	Lighting Points	6	4	4	3	3
(2)	Directs 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 service - departments to production department

Q.4 The X company sold all its production for Rs. 540000 during the year 2015. The cost per unit was as under. [15]

	Rs.
Materials	90
Wages	60
Direct Expenses	30
Factory Overheads	
Fixed	9
Variable	13.50
Office Overheads (Fixed)	24
Selling Overheads	
Fixed	13.50
Variable	7.50
	247.50
+ Profit	22.50
Sales Price	270.00

Out of the total production capacity of the company 80% of the production was done in 2015 while the estimate for the year 2016 is as under.

(1) During the first four months of 2016 the production will be 60% of its capacity and for the remaining eight months it will be 90%. The production for the whole year is on equal basis.

(2) There will be 20% increase in all variable expenses, while there will be 10% increase in all fixed expenses. Prepare a statement for tender cost for the year 2016, company intends to realise $33\frac{1}{3}\%$. Profit on sales price.

OR

Q.4 Following is the Profit and Loss Accounts of the Company. [15]

Particulars	Rs.	Particulars	Rs.
To Opening Stock (Finished goods 1000 units)	50000	By Sales	900000
		By Closing Stock of finished goods (3000 units)	140000
To Material Exps.	400000		
To Wages Exps.	300000	By Interest and Dividend	8000
To Factory Exps.	150000		
To Office Exps.	65000	By Discount received	2000
To Selling Exps.	35000		
To Goodwill written off	5000		
To Prel.exps written off	3000		
To provision for taxation	2000		
To Net Profit	40000		
	1050000		1050000

Prepare statement of Cost and reconciliation statement,