

SL (A-1) Seat NO: _____

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SARDAR PATEL UNIVERSITY
B.B.A. (IV Sem.) (General) Examination

Saturday, 7th May 2016

10.30 a.m. to 12.30 p.m.

UM04CBBA02/07: Cost Accounting

Total Marks: 60

Note: Figures to the right indicate full marks.

Q. 1

- (a) Explain the advantages of cost accounting. [9]
(b) Discuss the limitation of cost accounting. [6]

OR

- Q. 1** A firm manufactured and sold 1000 typewriters in the year 2012. Its summarised Trading and profit & loss account for the year 2012 is set out below: [15]

Particulars	Rs.	Particulars	Rs.
To cost of materials	160000	By sales	800000
To direct wages	240000		
To manufacturing charges	100000		
To gross profit c/d	300000		
	800000		800000
To management & staff salary	120000	By gross profit	300000
To rent & insurance	20000		
To general expenses	40000		
To selling expenses	60000		
To net profit	60000		
	300000		300000

For the year 2013, it is estimated that:

1. The output & sales will be of 1200 typewriters.
2. Price of materials will rise by 20%.
3. Wage rates will rise by 5%.
4. Manufacturing charges will increase in proportion to the combined cost of materials and wages.
5. Selling expenses per unit will remain unchanged.
6. Other expenses will remain unaffected by rise in output.

Prepare a statement showing the price at which typewriters to be manufactured in 2012 should be marketed so as to show a profit of 10% on selling price

Q. 2**(a)** Short Note: ABC Analysis **[3]****(b)** P Ltd. used three types of materials A, B, and C for production of X, the final product. The relevant monthly data for the components are as given below: **[12]**

	A	B	C
Normal usage (units)	200	150	180
Minimum usage (units)	100	100	90
Maximum usage (units)	300	250	270
Reorder quantity (Units)	750	900	720
Reorder period (months)	2 to 3	3 to 4	2 to 3

Calculate for each component:

1. Reorder Level
2. Maximum Level
3. Minimum Level
4. Average Stock level

OR**Q. 2****(a)** Distinguish between Time-rate wage and Piece-rate wage system **[5]****(b)** State features of good wage system **[5]****(c)** Calculate the earnings of a worker under **[5]**

1. Halsey plan
2. Rowan Plan

Halsey rate of wages guaranteed 0.50 paisa per hour

Standard time for producing one dozen articles – 3 hours

Actual time taken by the worker to produce 20 dozen articles- 48 hours.

Q. 3 Compute total machine hour rate from the following data **[15]**

1. Total machine cost to be depreciated Rs. 230000.

2. Life: 10 years

3. Depreciation on straight line

4. Departmental Overheads (annual)

Rent	50000 Rs.
Heat and light	20000 Rs.
Supervision	130000 Rs.
Insurance	1200 Rs.
Consumable Stores	3600 Rs.
5. Departmental Area	70000 sq. ft.

- Machine Area 2500 sq. ft.
6. 26 machines in the department
 7. Annual cost of reserve equipment for the machine Rs. 1500
 8. Hours run on production: 1800
 9. Hours for setting and adjusting: 200
 10. Power cost Re. 0.50 paise per hour of running time
 11. Labor: (a) when setting and adjusting: full time attention
(b) when machine is producing, one man can look after 3 machines.
 12. Labor rate Rs. 6 per hour.

OR

- Q. 3** in an engineering company there are three production departments P, Q, and R and two service departments A and B during the month of May 2012. Overhead expenses were incurred as follows: [15]

Rent Rs. 15000

Power cost Rs. 30000

Canteen expenses Rs. 7000

Lightening expenses Rs. 10000

Depreciation Rs. 25000

Company provides following additional information

No.	Particulars	P	Q	R	A	B
1	Value of machine	150000	200000	100000	25000	25000
2	Area occupies (sq. ft)	1200	1400	1600	400	400
3	No. of workers	9	8	10	3	5
4	No. of lightening points	13	14	13	5	5
5	Horse power of machine	9	8	10	2	1
6	Services provided by dept. 'A'	25%	25%	25%	-	25%
7	Services provided by dept. 'B'	30%	30%	30%	10%	-

You are required to distribute total overheads between departments & redistribute service departments overheads to production departments.

- Q. 4** From the following particulars prepare: [15]

- (a) A statement of cost of manufacture for the year ended 31st march 2012
- (b) A statement of profit as per cost accounts
- (c) Profit and loss Account in financial books
- (d) Show you would attribute the difference in the profit shown by b and c.

	Rs.
Opening stock of raw materials	288000
Opening stock of finished goods	576000
Purchases of raw materials	1728000

(P.T.O)

Closing stock of raw materials	432000
Opening stock of finished goods	140000
Wages	720000

Calculate factory on cost at 20% on prime cost, and office on cost at 80% on factory on cost. Actual works expenses amounted to Rs. 454300 and office expenses amounted to Rs. 371900. The selling price was fixed at a profit of 20% on cost.

OR

- Q. 4 In case of Axe Mfg. Co. the total expenditures for the year 2012, as per Financial Account was as under. [15]

	Rs.
Materials consumed	200000
Direct wages	100000
Factory expenses	70000
Office expenses	85000
Selling expenses	10000

In cost accounts, materials and labor are charged at actual cost but factory overheads are recovered at 60 % of direct wages and office overheads are recovered at 25% of the factory cost, while selling overheads are recovered at Rs. 10 per unit sold.

There was no stock of finished goods at the beginning of the year. During the year 1000 units were produced, out of which 900 units were sold at Rs. 540000.

You are required to prepare statement showing profit or loss as per financial account and as per cost account. Moreover you have to prepare a statement reconciling the profits as shown by two sets of accounts.

→ X →
(4)