JX-161100010506 Seat No. ______

B. B. A. (Sem. V) Examination

October - 2019

Cost Accounting

Time : **2:30** Hours] [Total Marks : **70**

Instructions : (1) All the questions are compulsory.
(2) Figures to the right indicate marks.
(3) All working notes should form/part of your answer.

1 Define Cost Accounting. Discuss in detail the pre-requisites of an ideal cost accounting system. **14**

OR

1 Discuss the advantages and limitations of Cost Accounting system. **14**

2 (a) Following information is provided of Ruhan Limited : **7**

Maximum time for procurement goods .... 125 days

Maximum time of emergency procurement ... 20 days

Average time for procurement of goods ...... 100 days

Minimum daily consumption .... 4000 units

Average daily consumption .... 5000 units

Economic reordering quantity ..... 1/6 of reordering level.

Calculate :

(1) Reordering level

(2) Minimum level

(3) Maximum level

(4) Average level

(5) Danger level

(b) Rahil Ltd. has provided the following information : **7**

Rate per hour Rs. 1.20

Allowed time (Standard time) 4 hours for making of one dozen items.

Time taken - 80 hours for making of 25 dozen.

Find out total wages in following conditions :

(1) Rowan premium plan.

(2) Halsey plan with 40% bonus.

If material cost of the product is Rs. 160 and factory overheads are 150% of the direct wages, find out the factory cost of a product under both plans.

OR

2 (a) From the following particulars of Reeva Ltd., find : **7**

(1) EOQ

(2) Ordering Level

(3) Minimum Stock Level

(4) Maximum stock Level

(5) Material Turnover Rate

Biannual consumption .... 3250 units

Cost per unit ....Rs. 20

Ordering cost ....Rs. 130

Storing and carrying cost 20%

Ordering period ....2 to 4 weeks

Weekly consumption .... 40 to 80 units

Opening Stock ....Rs. 52,000

Purchase (Annual) ....Rs. 1,30,000

Closing Stock ....Rs. 26,000

(b) Raj, Rohan, Rahul are three laborers in a factory. **7**

Allowed standard time for a job is 150 hours.

Wage rate per hour is Rs. 20.

To finish the job Raj takes 90 hours, Rohan takes 120 hours and Rahul takes 150 hours. What wages will have to be paid to each one in following methods :

(1) Piece Rate System.

(2) Halsey Premium Plan.

(3) Rowan Premium Plan.

3 In a factory D, E and F are production departments and M and N are service departments : 14

Following are the details for March 2018 :

Indirect Labour .... Rs. 5,200

Insurance .... Rs. 13,200

Canteen Expense .... Rs. 24,000

Lighting .... Rs. 8,000

Factory Manager's Salary .... Rs. 72,000

Rent and Taxes .... Rs. 20,000

ESI Contribution .... Rs. 2,600

Depreciation .... Rs. 66,000

Power .... Rs. 36,000

Other Information :

Particulars	**D**	**E**	**F**	**M**	**N**
Light Points	6	5	4	3	2
Direct Labour (Rs.)	18,000	16,000	11,600	4,800	1,600
Value of Plant (Rs.)	2,88,000	1,92,000	1,44,000	4,800	4,800
Horse Power	4	6	2	-	-
Space Occupied (Sq. ft.)	600	400	500	300	200
Proportion of time spent by manager	5	4	3	2	1
No. of employees	5	6	4	3	2

Expenses of M and N are to be distributed as under :

Particulars	D	E	F	M	N
Dept. M	20%	30%	40%	-	10%
Dept. N	30%	40%	30%	-	-

Prepare statement showing apportionment of indirect expenses to Production Departments.

OR

3 In a factory X and Y are production departments and P, Q and R are service departments : **14**
Following are the details for March 2018.

Rent and rates .... Rs. 68,000

General expenses (relating to production dept.).. Rs. 30,000

Depreciation on machine .... Rs. 80,000

Lighting .... Rs. 32,000

Stores Overheads .... Rs. 16,000

Insurance of machines .... Rs. 40,000

Indirect wages .... Rs. 20,000

Other Information :

Particulars	X	Y	P	Q	R
Direct Materials	50,000	30,000	--	--	-
Indirect Materials	10,000	6,000	5,000	3,100	2,500
Direct Wages	60,000	40,000	--	--	-
Cost of machine	2,00,000	1,50,000	10,000	25,000	15,000
Power expenses	50,000	30,000	--	--	10,000
Light Points	200	100	50	25	25
Area occupied (sq. mts.)	600	500	300	200	100

Expenses of P, Q and R are to be distributed as under :

Particulars	X	Y	Q	R
Dept. P	30%	20%	20%	30%
Dept. Q	50%	30%	--	20%
Dept. R	60%	40%	--	--

Prepare :

(1) Statement of distribution of overheads to various departments.

(2) Statement of distribution to expenses of service departments to production departments.

4 Riona Ltd. produced and sold 10,000 `Headphones' during 2017. The particulars are as under. Selling price per unit is Rs. 490. **14**

Particulars	Amount (Rs._
Materials	16,25,000
Direct wages	8,75,000
Direct expenses	1,25,000
Factory expenses (40% variable)	8,75,000
Office expenses (fixed)	3,50,000
Selling expenses (70% variable)	4,00,000

During the year 2018 production and sales are estimated at 50,000 'Headphones'. The additional information is as under :

(a) Direct wages per unit will decrease by 20%.

(b) Fixed factory expenses will increase by Rs. 3,05,000.

(c) Office expenses will increase by 20%.

(d) Variable selling expenses will rise by Rs. 0.60 per unit.

(e) 25% profit is estimated on cost.

Prepare :

(1) Statement of cost per unit and total cost of 2017.

(2) Estimated cost statement of 2018.

OR

4 Rhythm Transport Company supplies the following details in respect of a Truck of 5 Tonne capacity : 14

Cost of Truck .... Rs. 24,00,000

Estimated life .... 10 years

Estimated sales value of truck

at the end of its life .... Rs. 2,40,000

Diesel, Oil, grease .... Rs. 320 per trip each way

Driver's wages .... Rs. 14,400 per month

Cleaner's wages .... Rs. 9,600 per month

Repairs and maintenance .... Rs. 1,20,000 per year

Insurance .... Rs. 9,600 per month

Tax .... Rs. 57,600 per year

General Supervision charges .... Rs. 1,15,200 per year

The truck carries goods to and from the city covering a distance 40 kms each way. The truck makes two round trips per day. On outward trip freight is available to the extent of full capacity and on return 50% capacity. The truck runs on average 25 days a month.

Work out :

(1) Operating cost per tonne km.

(2) Rate per tonne per trip that the company should charge if a profit of 50% on freight is to be earned.

(3) Freight of each outward trip.

5 (a) Attempt any **one** : 6

(1) Financial Accounting V/s Cost Accounting

(2) Bin Card v/s Store Ledger

(b) Attempt any **two** : 4+4

(1) Principles of Apportionment.

(2) Time wage system

(3) Classification of materials

(4) Direct cost and Indirect cost

(5) Operating Costing