

- (ii) Increase in fixed costs by Rs. 8 crores
(including depreciation on additions but excluding interest burden)
- (iii) Reduction in variable costs by 5% of sales
- (iv) Additional finance for capital expenditures and working capital Rs. 20 crores
- (a) Determine the sales to yield the existing quantum of profit plus additional profit of Rs. 4 crores on account of increased activity and 20% interest burden on fresh capital.
- (b) Also determine the following :
- B.E.P.
 - P/V Ratio
 - M.O.S.

16

B.B.A. (Part-II) Examination
COST ACCOUNTING

Time—Three Hours]

[Maximum Marks—80

- Note :—** (1) Solve All questions.
(2) Figures to the right indicate marks.

- Explain various method of Cost Accounting. 4
 - State the functional classification of overheads. 4
 - Calculate Economic Order Quantity from the following :
 - Quantity 60000 units
 - Ordering cost Rs. 1,200 per order
 - Carrying cost 20%
 - Price per unit Rs. 2,000 4
 - With the help of the following particulars, prepare a Stores Account showing issue of materials on the basis of last in, first out, (LIFO) :

Purchases	Issues
August 3, 2009 750 kg @ Rs. 2.00	August 19, 2009 850 kg
August 18, 2009 350 kg @ Rs. 2.10	August 26, 2009 450 kg
August 25, 2009 600 kg @ Rs. 2.20	August 29, 2009 510 kg
August 28, 2009 500 kg @ Rs. 2.30	August 30, 2009 150 kg

 4

OR

- (E) What are the basic principles of Inventory Control ? 4
- (F) Explain the objects of Cost Accounting. 4
- (G) What is overhead ? 4
- (H) Prepare Store Ledger Account by first-in-first-out method :

Receipts Materials			Issues Materials	
Date	kg	Rate (per kg)	Date	kg
Dec. 3	200	20	Dec. 4	100
Dec. 18	300	18	Dec. 10	50
Dec. 28	50	15	Dec. 20	300
			Dec. 30	100

4

2. The following figures relate to Pratiksha Manufacturing Co. Ltd. for the year ended 31st March 2010 :

	Rs.
(i) Purchase of raw materials	6,00,000
(ii) Direct wages 25,000 labour hours @ Rs. 15 per labour hours	
(iii) Carriage inwards	15,000
(iv) Direct expenses	35,000
(v) Rent, rates and insurance : 2/3 factory, 1/3 office	1,80,000

- (H) Prepare "Income statement under Variable Costing" as per Question No. 4(G). 4

5. From the following data calculate :
- (a) B.E.P. in rupees of sales.
- (b) Number of units that must be sold to earn a profit of Rs. 60,000 per year.
- (c) How many units must be sold to earn 10% of sales ?

	Rs.
Sales price	20 per unit
Variable manufacturing cost	11 per unit
Variable selling cost	3 per unit
Fixed factory overhead	5,40,000 per year
Fixed selling costs	2,52,000 per year
	16

OR

The following information relate to the present position of an engineering firm operating at 70% capacity level.

B.E.P. in Rs. 80 crores

P/V Ratio—40%

Margin of safety in Rs. 20 crores

The Board at its last meeting have taken a decision to increase output to 98% capacity level following modification will be made :

- (i) Reduction in selling price by 5%

Fixed manufacturing cost	Rs. 700
Variable marketing and administration cost	Rs. 1,000
Fixed marketing and administration cost	Rs. 400

Prepare income statement under variable costing.
4

- (D) Prepare "Income Statement under Absorption Costing" in the book of SPK Ltd. as per Question No. 4(C). 4

OR

- (E) Explain the Absorption Costing. 4
(F) Define concept of Decision Making. 4
(G) From the following information prepare income statement under Absorption Costing :

Unit Data

Beginning Inventory	Nil
Production	500 units
Sales	350 units

Variable cost data

Manufacturing cost per unit produced	Rs. 10
Distribution cost per unit sold	Rs. 03

Fixed cost data

Manufacturing cost	Rs. 2,000
Marketing costs	Rs. 600
The selling price per unit	Rs. 24

4

	Rs.
(vi) Electricity charges :	
2/3 factory, 1/3 office	90,000
(vii) Supervision charges :	
1/2 factory, 1/2 office	50,000
(viii) General Expenses	5,000
(ix) Stock on 1 st April 2009 :	

Raw materials	1,40,000
Finished goods (2,000 units)	80,000
Work-in-progress	44,000

- (x) Stock on 31st March 2010 :

Raw materials	1,10,000
Finished goods (4,000 units)	?
Work-in-progress	80,000

- (xi) Sales 16,20,000
(xii) Selling and distribution expenses Rs. 10 per unit sold.

- (xiii) Production for the period 16000 units.

Prepare a statement of cost showing Net Profit and Per Unit Net Profit. 16

OR

The product of a company passes through three distinct processes to completion. They are known as A, B and C. From past experience it is ascertained that wastage is incurred in each process as under :

Process A	2%
Process B	5%
Process C	10%

In each case the percentage of wastage is computed on the number of units entering the process concerned.

The wastage of each process possesses a scrap value. The wastage of process A and B is sold at Rs. 5 per 100 units and that of process C at Rs. 20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed from process 'C' into stock.

The following information is obtained :

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Materials Consumed	6,000	4,000	2,000
Direct Labour	8,000	6,000	3,000
Manufacturing Exp.	1,000	1,000	1,500

(F) Given for a factory :

Normal number of workers in the department	50
Number of hours in a week	40
Standard rate of wages per hour	Rs. 8.00
Standard output of the department per hour taking into account normal idle time	20 units

In the first week of March, it was ascertained that 1000 units were produced despite 20% idle time due to power failure and actual rate of wages was Rs. 9.00 per hour. Calculate Labour Cost Variance and Labour Rate Variance.

- (G) What is meant by standard costs ? 4
- (H) What do you mean by variance ? 4
4. (A) What is variable costing ? 4
- (B) What is the difference between Absorption Costing and Variable Costing ? 4
- (C) SPK Ltd. sales its product at Rs. 3 per unit. The following data related to its operation :

Particulars	
Sales (unit)	1000
Production (unit)	1400
Variable manufacturing cost	Rs. 700

20000 units have been issued to process A at a cost of Rs. 10,000. The output of each process has been as under :

Process A	19,500
Process B	18,800
Process C	16,000

There is no work-in-progress in any process. Prepare Process Accounts and the calculations should be made to the nearest rupee. 16

3. (A) A manufacturing concern which has adopted standard costing furnishes the following information :

Standard :

Materials for 70 kg of Finished

Products	100 kg
Price of Materials	Rs. 1 per kg

Actual :

Output	210000 kg
Materials used	280000 kg
Cost of Materials	Rs. 2,52,000

Calculate Material Cost Variance. 4

- (B) The standard cost card shows the following details relating to material requirement to produce one kg of groundnut oil :

Quantity of Groundnut 3 kgs

Price of Groundnut 75 ps per kg

Actual production data :

Production during one month 1000 kgs

Quantity used 3500 kgs

Price of Groundnut Rs. 1 per kg

Calculate Material Price Variance. 4

- (C) Explain briefly the terms 'Standard Cost' and 'Standard Costing'. 4

- (D) Describe the managerial use of variance analysis. 4

OR

- (E) The following information is obtained from a standard cost records :

Labour Rate Rs. 9 per hour

Hour—3 hours per unit

Actual production data are :

Units Produced 250

Labour Rate Rs. 10.50 per hour

Hours worked 800

Calculate Labour Rate and Labour Efficiency Variances. 4