NRJ/KW/17/6615

Bachelor of Business Administration (B.B.A.) Semester—I (C.B.S.) Examination

COST ACCOUNTING

Compulsory Paper—4

Time : Three Hours] [Maximum Marks : 80

N.B. :— (1) **ALL** questions are compulsory.
(2) All questions carry equal marks.

1. (A) Define Cost Accounting. Explain the importance of Cost Accounting. 8
(B) Explain the scope and functions of Cost Accounting. 8

OR

(C) Following figures have been obtained from record of Sanjay Trading Company for the year March 2017 :

	Rs.
Cost of Material	4,00,000
Direct Wages	2,50,000
Indirect Wages	12,000
Depreciation of Machinery	8,000
Manufacturing Expenses	80,000
Office Expenses	47,500
Depreciation of Furniture	2,500
Selling Expenses	24,000
Distribution Expenses	80,000

Profit 25% on Total Cost.

A work order had been executed in 2017 April and for that following expenses have been incurred :

Material	Rs. 18,000
Wages	Rs. 13,000

(a) Assuming that in 2017 factory overhead have gone up by 20%.
(b) Distribution charges have gone down by 10%.
(c) Administrative expenses are 2,600 and selling expenses are 2,760.
(d) At which price work order should be quoted so as to earn 25% profit on selling price ?

Factory overhead is based on direct wages; distribution charges on production cost. 16

2. (A) A product passes through three distinct processes to completion. During the month end 31^{st} March 2017, 500 units were produced. The following information is given :

Particulars	**Process A**	**Process B**	**Process C**
Material (Rs.)	7,000	3,200	3,000
Direct Labour (Rs.)	5,000	4,000	5,000
Overhead Expenses (Rs.)	6,000	5,000	4,000

There is neither opening stock, closing stock, nor work in-progress. Prepare process A/c. 8

(B) At the end of Process 'A' carried on in a factory during the week ending 31st August 2017, the number of units produced was 850 excluding 50 units damaged at the end of process. The damaged units realised Rs. 3.00 per unit scrap. A normal wastage of 10% occurs during the process. The wastage realised Rs. 2 per unit.

A unit of raw material cost Rs. 4. The other expenses for the week were :

Wages	Rs. 800
Power	Rs. 200
General overhead	Rs. 450

40% of the output is sold so as to show a profit of 1/5 on the cost price; the rest of output is transferred to Process B. Prepare Process 'A' Account. 8

OR

(C) The product of a factory passes through three Processes A, B and C. The wastage in each process in 2½%, 5% and 10% respectively. The wastage is sold at the rate of Rs. 10, Rs. 20 and Rs. 50 per 10 units of the Processes A, B and C respectively. The expenditure incurred is as follows :

Particulars	**A (Rs.)**	**B (Rs.)**	**C (Rs.)**
Material consumed	24,000	12,000	6,000
Direct labour	36,000	24,000	18,000
Manufacturing expenses	6,000	6,000	9,000

4000 units costing Rs. 32,000 have been issued to Process 'A'. The output of each process is as under.

Process A—3900 units, B—3600 units, C—3250 units

There is no stock or work-in-progress in any process. Prepare the Process A/c and Abnormal wastage and efficiency account. Show what amount of Abnormal wastage or efficiency will be transferred to Costing P & L A/c. 16

3. (A) A company gives you the following data and ask you to calculate the cost per vehicle per km.

	Rs.
Value of vehicle	30,000
Driver's salary per month	400
Cost of petrol per litre	1.60
Kms. per litre	8.00
Charges for tyre and tube maintenance per km.	0.40
Estimated life	1,50,000 kms.
Estimated annual kms.	6,000 kms.
Road licence fees per year	Rs. 1,000
Insurance per year	Rs. 200
Garage rent per year	Rs. 1,200

8

(B) ABC Transport Company supplies the following details in respect of Truck of 5 Tonnes capacity.

Cost of Truck Rs. 90,000 Estimated Life 10 years.

Diesel, Oil, Grease	Rs. 15 per trip each way
Repairs and Maintenance	Rs. 500 p.m.
Driver's Wages	Rs. 500 p.m.
Cleaner Wages	Rs. 250 p.m.
Insurance	Rs. 4,800 p.y.
Tax	Rs. 2,400 p.y.
Supervision Charges	Rs. 4,800 p.y.
Truck Runs	25 days per month

The truck carries goods to and from city covering a distance of 50 kms. each way; while going to the city, freight is available to the extent of full capacity and on return 20% of capacity.

Work out operating cost per ton kms. 8

OR

(C) Mr. Harpreet Singh has started transport business with a fleet of 10 taxis. The various expenses incurred by him are given below :

(a)	Cost of Taxi	Rs. 75,000
(b)	Salary of Office Staff	Rs. 1,500 p.m.
(c)	Salary of Garage Staff	Rs. 2,000 p.m.
(d)	Rent of Garage	Rs. 1,000 p.m.
(e)	Drivers Salary (per taxi)	Rs. 400 p.m.
(f)	Repairs per taxi	Rs. 2,160 p. year
(g)	Insurance Premium @ 4% of Cost P.A.	

The life of taxi is 3,00,000 kms and at the end of which it is estimated to be sold at Rs. 15,000. A taxi runs on an average 4,000 kms. per month of which 20% it runs empty. Petrol consumption is 9 km. per litre of petrol costing Rs. 6.30 per litre oil and other sundry expenses amount to Rs. 10 per 100 kms.

Calculate the effective cost of running a taxi per km. If the hire charge is Rs. 1.80 per km. find out the profit Harpreet Singh may expect to make in the first year of operation. 16

4. (A) The break down of cost per unit at an activity 10,000 unit is as follows :

Raw Material	Rs. 10
Direct Expenses	Rs. 10
Variable Overhead	Rs. 04
Fixed Overhead	Rs. 06
Total Cost Per Unit	Rs. 30
Selling Price	Rs. 32
Profit Per Unit	Rs. 02

Calculate :

(i) Profit Volume Ratio

(ii) Break Even Point in Rs.

(iii) Margin of Safety

(iv) Sales to earn profit of Rs. 5,000. 8

(B) Following information is given :

Selling price per unit	Rs. 40
Variable cost of factory per unit	Rs. 25
Fixed expenses of sales dept.	Rs. 20,000
Fixed factory overhead	Rs. 1,00,000
Fixed office expenses	Rs. 60,000

Calculate :

(i) Profit Volume Ratio

(ii) Break Even Point

(iii) Required sales to earn a profit of Rs. 1,20,000

(iv) Required sales in units to earn a profit of Rs. 1,20,000. 8

OR

(C) Vidharbha Trading Co. submitted following information for the year 2017 :

Sales	Rs. 2,00,000
Variable Cost	Rs. 1,50,000
Fixed Cost	Rs. 25,000

Find out :

(i) Break even point

(ii) P.V.R.

(iii) Margin of safety (in Rs. & in %)

(iv) Margin of safety if sales is Rs. 3 lac (in Rs. & in %)

(v) Profit if sales is Rs. 3 lac

(vi) Sales if co. wants to earn a profit of Rs. 5 lac. 16

5. (A) What are the advantages of Cost Accounting ? 4

(B) Write note on by-products. 4

(C) State the features of Operating Costing. 4

(D) Explain the meaning and application of Marginal Costing. 4