Roll No: -----------------------

UNIVERSITY OF PETROLEUMAND ENERGY STUDIES

End Semester Examination,May 2018

Program: B.Com. LL.B. Taxation Law	**Semester – 6th**
Subject (Course): Cost Accounting	**Max. Marks : 100**
Course Code : BBCF332	**Duration : 3Hrs**
No. of page/s: 4	

Note: All section are compulsory
Section-A
Objective type

(5x2 Marks)

Ques. 1.

1- What will be the effect on B.E.P. by the increase in Fixed Cost?

(a) Decrease (b) Increase

(c) No change (d) None of these

2. Standard costing helps in :

(a) Measuring Efficiency (b) Reducing loses

(c) Controlling prices (d) None of these

3. The following is cost of direct materials.

(a) Freight Charges (b) Grease

(c) Coolant (d) Cotton waste

4. Expenditure incurred on material, labour , machinery, production and inspection are summed up to find the

   (a) Total cost of product (b) Selling price of product

   (c) Factory cost of product (d) None of these

5. In a month, payment for salary was Rs. 5,750 when the lag in payment of salary is 1/8 month. If total salaries of current month are Rs. 6,000/- determine the salaries of previous month.

   (a) Rs. 4,800/- (b) Rs. 4250/-

   (c) Rs 4,000/- (d) Rs. 4750/-

SECTION – B **(2x10 Marks)**

Ques -2 What is a Cost Sheet and why is it prepared? Prepare a cost sheet with imaginary figures.

Ques – 3 What is cost accounting ? What is scope and limitations?

SECTION – C **(2x 10 Marks)**

Ques-4. X Ltd. Furnishes you the following informations relating to the half year ended 30^{th} September , 2006.

	Rs.
Fixed Expenses	30,000/-
Sales	1,00,000/-
Profit	20,000/-

During the second half of the year the company has projected a loss of Rs. 7,000. Calculate.

i) The margin of Safety for six months, ending on 30^{th} September 2006

ii) Expected sales volume for the second half of the year assuming that the P/V ratio and fixed expenses remain constant in the second year half year also.

iii) The break even point and margin of safety for the whole year 2006-07.

Ques – 5 The texomat (Pvt.) Ltd. Has been manufacturing track suits for athletes. Currently its output is around 70% of its rated capacity of 19,000 units per annum. One exporter has approved the sample and has offered to buy 5,000 units at a special price of Rs. 150 per suit. At present the company has been selling the track suit @ Rs. 210. The standard cost per unit is as under:

Cloth and other materials	Rs. 82.00
Labour	Rs. 25.00
Fixed Cost	Rs. 42.00
Administrative variable cost	Rs. 11.00
Total cost:	**Rs. 160.00**

Should the company accept the offer?

SECTION – D (2x25 Marks)

Ques – 6. Fortune Ltd. Aligarh has to start production on Ist January, 2007. The prime cost of one unit is expected to be Rs. 30, out of which Rs. 18 is for materials and Rs. 12 for labour. In addition variable expenses per unit is expected to be Rs. 6 and fixed expenses per month will be Rs. 20,000/-. Materials are purchased for cash to avail for the cash discount of 5% . One –fourth of sales will be for cash and rest on credit for settlement in the following month. Expenses are payable in the month in which they are incurred . Selling price is fixed at Rs. 60 per unit. The number of units manufactured and sold are expected to be as under:

January 1,000, Feb 1,400, March, 1,700, April 2,000, May 2,300, June 2,400.

Prepare cash budget for six months indicating the working capital requirements.

Ques – 7. Given that :

	Standard			**Actual**		
Material	**Qty**	**Price**	**Total**	**Qty.**	**Price**	**Total**
A	500	6.00	3000	400	6.00	2400
B	400	3.75	1500	500	3.60	1800
C	300	3.00	900	400	2.80	1,120
Total	**1,200**		**5,400**	**1300**		**5,320**
(Loss)	**(-) 120**			**-220**		
	1,080 (SY)			**1,080 (AY)**		

Calculate all five types of Material Variances.

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Section-A

Objective Type

(5x2 Marks)

Ques.1.

1. Variable Cost per unit is Rs.15 per unit, fixed costs are Rs.54,000. If B.E.P. is 6,000 units, the selling price should be.

   (a) Rs.25 (b) 24 (c) Rs. 30 (d) 28

2. In a month, payment for salary was Rs.11,500 when the lag in payment of salary is 1/8 month, If total salaries of current month are Rs.12,000, determine the salaries of previous month.

   (a) Rs.9600 (b) Rs.8500 (c) Rs.8000 (d)Rs.9500

3. Expenditure incurred on material, labour, machinery production and inspection are summed upto find the:

   (a) Total cost of product (b) Selling price of product

   (c) Factory cost of product (d) None of the above

4. The following is cost of direct materials.

   (a) Freight charges (b) Grease

   (c) Coolant (d) Cotton Waste

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5. What will be the effect on B.E.P. by the increase in Fixed Cost ?

   (a) Decrease (b) Increase

   (c) No change (d) None of these

SECTION-B

(2X10 Marks)

Ques.2. What is cost sheet ? Draw a complete specimen form of a comparative cost sheet.

Ques.3. What do you understand by Cost Accounting ? Discuss the difference between Financial Accounting and Cost Accounting.

SECTION-C

(2X10 Marks)

Ques.4. Ganesh Ltd.sold all his output in 2006, 1,000 units at Rs.10 per unit. Its total fixed expenses amounted to Rs.3,000 and profit volume ratio was 40%. Company wants to increase its profit by 50% for 2007 in the following changed conditions:

(i) Fixed expenses to be increased by Rs.1,000.

(ii) Variable expenses to be reduced by 25%.

(iii) Selling price per unit to be reduced to Rs.9.50.

Find the selling quantity (In Units) in 2007.

Ques.5. A factory annually manufactures 10,000 units of a product at a cost of sales of Rs.4 per unit and there is a home market for consuming the entire volume of production at the selling price of Rs.4.25 per unit. In a certain year, there is a fall in the demand in the home market which can consume 10,000 units only at selling price of Rs.3.72 per unit.

The analysis of cost of sales for the 10,000 units is:

	Rs.
Materials	**15,000**
Wages	**11,000**
Fixed Overheads	**8,000**
Variable Overheads	**6,000**

The foreign market is explored and it is found that this market can consume 20,000 units of the product if offered at a selling price of Rs.3.55 per unit. It is also discovered that for additional 10,000 units of product (over the initial 10,000 units) the fixed overheads will increase by10%. Is it worthwhile to try to capture the foreign market?

SECTION-D

(2X25 Marks)

Ques.6. The budgeted expenses for production of 10,000 units in a factory are:

Particulars	Per Unit
Materials	**70**
Labour	25
Variable Overheads	20
Fixed Overheads(Rs.1,00,000)	10
Direct Variable Expenses	5
Selling Expenses (10% Fixed)	13
Administrative Expenses (Rs.50,000)	5
Distribution Expenses (20% Fixed)	7
Total	**155**

Prepare a budget for the production of 8,000 Units and 6,000 Units. Assume that administrative expenses are rigid (Fixed) for all levels of production.

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Ques.7. A Factory is engaged in producing a product using two grades of materials A and B mixed in the ratio of 3:2. The standard price of material A is Rs.4 per unit and that of B Rs.3 per unit. Normal loss in production is expected at 10%. Due to shortage of materials of materials it was not possible to use the standard mix. However, the normal loss is still expected to be 10% as formerly. The actual result was as follows:

Material A 280 tons	**@ Rs.3.80 per ton**
Material B 120 tons	**@ Rs.3.60 per ton**
Actual Production	**364 tons**

Calculate all Five types of Material Variances.

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