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June-2016

Diploma In Advance Cost Accounting :- DACA

DACA-01,02,03,04

IMPORTANT INSTRUCTIONS

- ✓ Students have download assignments from University website.
- ✓ It is compulsory to submit assignments to appear for exam. Exam form will not be accepted from the student who has not submitted assignment on or before given date.
- ✓ Last date of submission of prepared assignments to study center is **30/12/2016**. After this date, assignments will not be accepted.
- ✓ It is compulsory to collect receipt of submission of assignments from the study center.
- ✓ Make sure to collect your evaluated assignments from your study center with evaluation sheet.
- ✓ Students can check their assignments marks on university website.
- ✓ Passing criteria for Diploma course is 50% for all assignment subjects.

Diploma programmes

Dear Student,

You are required to do one assignment for the **Diploma Program** It is a Tutor Marked Assignment (TMA) and carries 100 marks. It covers four blocks of the course.

As in day-to-day life, **Planning** is important in attempting the assignment as well. Read the assignment carefully; go through the units on which the questions are based; jot down some points regarding each question and then re-arrange them in a logical order. In the Long-type answer, pay attention to your introduction and conclusion. The introduction must tell you how to interpret the given topic and how you propose to develop it. The conclusion must summarize your views on the topic.

Make sure that your answer :

- a) is logical
- b) is written in simple and correct English
- c) does not exceed the number of words indicated in your questions
- d) is written neatly and clearly.

ROLL NO: _____

NAME: _____

ADDRESS: _____

DATE: _____

COURSE TITLE: _____

ASSIGNMENT: _____

STUDY CENTRE: _____

Please remember that it is compulsory to submit your assignment before you can take the Term End Examination. Also remember to keep a copy of your assignment with you and to take a receipt from your Study Centre when you submit the assignment.

Good Luck,

Dr. Babasaheb Ambedkar Open University

Assignment :- (DACA-1) **(DACA-Basics of Cost Accounting)**

Last Date of Submission At Study Center :- 30/12/2016

Max-Marks-100

1. Explain cost classification on the basis of Elements of a Product and Relationship to Volume.

[20]

OR

Explain the basic procedure for material handling in an organization with Periodic Inventory system and perpetual inventory system.

2. What is meant by the term 'Labour Turnover'? What is the effect of labour turnover on cost of production?

[20]

OR

Explain the methods of allocation of overheads.

3. Answer the following (any two) **[40]**

a. From the following information calculate:

- i. Re-order stock level
 - ii. Minimum stock level
 - iii. Maximum stock level
 - iv. Average stock level
 - v. Danger stock level
- | | |
|--|-------------|
| • Maximum delivery period | - 60 days |
| • Average delivery period | - 45 days |
| • Minimum delivery period | - 30 days |
| • Maximum delivery period for emergency purchase | - 10 days |
| • Maximum rate of consumption per day | - 40 units |
| • Average rate of consumption per day | - 30 units |
| • Minimum rate of consumption per day | - 25 units |
| • Ordering quantity | - 900 units |

b. In a factory 5,320 workers were working in the beginning of a year and 8,680 workers were working at the end of the year. 700 workers were relieved during the year and 785 workers were newly recruited, out of which 285 workers were recruited for the newly created posts.

c. In a factory there are three production departments P, Q and R and two service departments S and T. the details about the expenses are as under:

Rent and rates	20,000	Power	2,400
Lighting	480	Contribution to ESI	650
Canteen expenses	1,800	Salary of the factory manager	2,400
Insurance	1,320	Depreciation	3,300
Indirect wages	1,300		

You are supplied with the following additional information:

Particulars	P	Q	R	S	T
No. of workers	10	12	8	6	4
Space occupied (sq. yds)	300	200	250	150	100
Light points	6	5	4	3	2
Consumption of power on the basis of meter (units)	400	600	200	-	-
Cost of machine (Rs.)	30,000	20,000	15,000	500	500
Direct wages (Rs.)	2,250	2,000	1,450	600	200
Proportion of time devoted by factory manager	5	5	4	1	1

Show the distribution overheads.

If the benefit of service departments S and T is derived by the production departments in the following proportions, show the final distribution of overheads to production departments. Use step-ladder method:

Particular	P	Q	R
Department S	25%	35%	40%
Department T	30%	40%	30%

4. Explain the following terms: [20]

- a. Fixed Cost
- b. EOQ
- c. Flux Method
- d. Under absorption
- e. Decision making

Assignment :- (DACA-2) DACA-Various Forms of Costing

Last Date of Submission At Study Center :- 30/12/2016

Max-Marks-100

1. A Contractor makes up his accounts to 31st December in each year. Contract No. 011 was commenced on 1st April, 2015. The closing records reveal the following information as on 31st December, 2015.

Materials charged out to site - Rs. 21,500

Labour - Rs. 50,110

Foremen's remuneration - Rs. 6,310

A machine costing Rs. 15,000 has been on site only for 73 days. Its working life is estimated at five years and its scrap value at Rs. 1,000. A supervisor who is paid Rs. 12,000 per annum has spent half of his time on this Contract No. 011.

All other expenses and administration charges amounted to Rs. 12,610. Materials at site on 31st December, 2015 was valued at Rs. 2,480. The contract price is Rs. 2,00,000. On 31st December, 2015 two-thirds of the contract was completed.

Architect's certificate has been issued covering Rs. 1,00,000 and Rs. 80,000 has so far been received as per the terms from contractee.

Prepare Contract Account taking credit to Profit and Loss Account two-thirds of such profit as the cash received bears to the value of the architect's certificate. [20]

2. A product passes through three different processes to completion. In March 2015, the cost of production was as given below:

Particular	I	II	III
Other Direct Material	2,000	3,020	3,462
Direct wages	3,500	4,226	5,000
Production overheads	1,500	2,000	2,500

1,000 units of materials were introduced in process – I at Rs. 5 each.

Particular	I	II	III
Normal wastage (of the units introduced)	10%	5%	10%
Sale price of wastage (per unit)	Rs. 3	Rs. 5	Rs. 6
Actual production (in units)	920	870	800

There is no unfinished work-in-process.

Prepare the necessary Process Accounts and 'Abnormal Loss' Account and "Abnormal Gain" Account. [20]

3. From the following data relating to two different vehicles Pavan and Nidhi, compute cost per running mile:

Particular	Pavan	Nidhi
Mileage run (Annual)	15,000	6,000
Cost of vehicle	Rs. 25,000	Rs. 15,000
Road licence (Annual)	Rs. 750	Rs. 750
Insurance (Annual)	Rs. 700	Rs. 400
Garage rent (Annual)	Rs. 600	Rs. 500
Supervision and salaries (Annual)	Rs. 1,200	Rs. 1,200
Drivers' wages per hour	Rs. 3	Rs. 3
Cost of fuel per gallon	Rs. 3	Rs. 3
Miles run per gallon	20 miles	15 miles
Repairs and maintenance per mile	Rs. 1.65	Rs. 2.00
Tyre allocation per mile	Rs. 0.80	Rs. 0.60
Estimated life of vehicles	1,00,000 miles	75,000 miles

Charge interest at 5% per annum on cost of vehicles. The vehicles run 20 miles per hour on an average. [20]

4. Write a Short Notes (Any four) [40]
- a. Job Costing
 - b. Spoilage
 - c. Inter-process profit
 - d. Cost Sheet proforma
 - e. Estimated Profit
 - f. Net Realisable Value Method
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Assignment (DACA-3)

Managerial Cost Accounting

Last Date of Submission At Study Center :- 30/12/2016 Max-Marks-100

- 1. (a) What are the advantages and disadvantages of uniform costing? [10]
(b) What is the meaning and need for inter-firm comparison? Explain the advantages of inter-firm comparison. [10]
- 2. (a) Explain basic understanding of Integrated Accounts and installation of Integrated Accounts System. [10]
(b) What is break-even analysis? Explain algebraic method of break-even analysis. [10]
- 3. (a) What is Decision-making? Explain Make or Buy Decisions. [10]
(b) What is Responsibility Accounting? Explain types of Responsibility centres. [10]
- 4. Answer the following (any two) [30]
(1) TATA Co. Ltd. is to start production on 1st January 2011. The prime cost of a unit is expected to be Rs. 40 (Rs. 16 per materials and Rs. 24 for labour). In addition, variable expenses per unit are expected to be Rs. 8 and fixed expenses per month Rs. 30,000. Payment for materials is to be made in the month following the purchase. One-third of sales will be for cash and the rest on credit for settlement in the following month. Expenses are payable in the month in which they are incurred. The selling price is fixed at Rs. 80 per unit. The number of units to be produced and sold is expected to be: January 900; February 1200; March 1800; April 2000; May 2,100; June 2400
Draw a Cash Budget indicating cash requirements from month to month.
- (2) M.J. Ltd. having an installed capacity of 1,00,000 units of a product is currently operating at 70% utilization. At current levels of input prices, units costs work out as follows:

Capacity Utilization Percent	Unit Costs (Rs)
-------------------------------------	------------------------

70	97
80	92
90	87
100	82

The company has received three foreign offers from different sources as under:

Source A 5,000 units at Rs. 55 per unit

Source B 10,000 units at Rs. 52 per unit

Source C 10,000 units at Rs. 51 per unit

Advise the company as to whether any or all the export orders should be accepted or not.

(3) Pepsi Company produces a single article. Following cost data is given about its product:-

Selling price per unit	Rs.40
Marginal cost per unit	Rs.24
Fixed cost per annum	Rs. 16000

Calculate:

- P/V ratio
- break even sales
- sales to earn a profit of Rs. 2,000
- profit at sales of Rs. 12000
- New break even sales, if price is reduced by 10%.

5. Explain the following terms:

[10]

- a. Margin of Safety
- b. Sunk Cost
- c. Return on Investment Analysis
- d. Mixed Cost
- e. Differential cost

Assignment -(DACA-4) **DACA-Variance Analysis**

Last Date of Submission At Study Center :-30/12/2016

Max-Marks-100

- | | |
|---|------|
| 1. Explain components of Standard cost. | [20] |
| 2. Write a note on Material Variances. | [20] |
| 3. Write a short notes (any two) | [20] |

- a) Establishment of cost standards
- b) Labour efficiency variance
- c) Volume variance

4. Answer the following (any two) [30]

- a) A manufacturing concern, which has adopted standard costing, furnished the following information:

Standard Material for 70 kg finished product: 100 kg.

Price of materials: Re. 1 per kg.

Actual Output: 2,10,000 kg.

Material used: 2,80,000 kg.

Cost of material: Rs. 2,52,000

- b) India Ltd. Manufactures a particular product, the standard direct labour cost of which is Rs. 120 per unit whose manufacture involves the following:

Type of workers	Hours	Rate (Rs.)	Amount (Rs.)
A	30	2	60
B	20	3	60
	50		120

During a period, 100 units of the product were produced, the actual labour cost of which was as follows:

Type of workers	Hours	Rate (Rs.)	Amount (Rs.)
A	3,200	1.50	4,800
B	1,900	4.00	7,600
	5,100		12,400

Calculate: (1) Labour cost variance (2) Labour Rate variance (3) Labour Efficiency variance (4) Labour mix variance.

- c) MLM Ltd. has furnished you the following information for the month of January:

	Budget	Actual
Outputs (units)	30,000	32,500
Hours	30,000	33,000
Fixed overhead	45,000	50,000
Variable overhead	60,000	68,000
Working days	25	26

Calculate overhead variances.

5. Explain the following terms: (in brief)

[10]

- a) Variances
- b) Wage rate variances
- c) Variable overhead variance
- d) Profit variances
- e) Sales volume variance