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February-2017

(Diploma In Advance Accounting) :- DAA

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 30/07/2017 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 Programme** 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 :- 30/07/2017

Max-Marks-100

- (1) Explain the cost classification on the basis of functions? [20]
 OR
 Explain ABC method of inventory handling?
- (2) Which are the methods for calculation of incentive paid to the employees? [20]
 OR
 Write a note on basis of allocations for overheads?
- (3) **Answer the following questions (any two)** [30]
- a. From the following information calculate:
- (1) Economic order quantity
 - (2) Re-order stock level
 - (3) Minimum stock level
 - (4) Maximum stock level
- | | |
|-----------------------------|----------------|
| a. Annual usage | - 2500 units |
| b. Cost per unit | - Rs. 10 |
| c. Cost of placing an order | - Rs. 200 |
| d. Carrying cost per unit | - 10% |
| e. Ordering period | - 2 to 3 weeks |
| f. Average usage per week | - 45 units |
| g. Maximum usage per week | - 60 units |

- b. Calculate the normal and overtime wages payable to a workman from the following data:

Days	Hours worked
Monday	9
Tuesday	11
Wednesday	10
Thursday	9
Friday	9
Saturday	5
Total	53

Normal working hours:	8 hours per day
Normal rate:	Rs. 10 per hour
Overtime rate:	Upto 9 hours in day at single rate and over 9 hours in a day at double rate.

OR

Upto 48 hours in a week at single rate and over 48 hours at double rate, whichever is more beneficial to the workmen.

There are three production departments A, B and C and two service departments X and Y in a factory. The benefit of service departments are availed of by various departments in the proportion of percentages given below:

Product	Production Departments			Service Departments	
	A	B	C	X	Y
X	20%	40%	30%	-	10%
Y	40%	20%	20%	20%	-

The overheads of five departments are Rs. 4,000; Rs. 3,500; Rs. 3,000; Rs. 1,170 and Rs. 1,500 respectively. Apportion the service department expenses over production departments by repeated distribution method.

(4) Explain the following terms: [20]

- a. Variable Cost
- b. Safety Stock
- c. Labour Turnover
- d. Absorption rate
- e. Opportunity costs

(5) Answer the following questions in brief: [10]

- a. What is meant by cost accounting?
 - b. What is perpetual inventory?
 - c. How wages is calculated by Rowan Plan method?
 - d. What is machine hour rate?
 - e. How are semi-variable cost calculated?
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Assignment :- (DACA-2) DACA-Various Forms of Costing

Last Date of Submission At Study Center :- 30/07/2017

Max-Marks-100

1. Following information of Joyti Ltd. is available for the year ended 31-3-2013. Prepare cost sheet:

Particulars	Rs.
Stock of finished goods (1-4-2012)	51,400
Stock of finished goods (31-3-2013)	43,000
Purchases of raw materials	2,00,000
Depreciation on machinery	8,500
Depreciation on furniture	5,210
Factory rent	4,750
Direct wages	1,20,000
Sales	5,04,000
Indirect labour	1,250

Salary	16,480
Carriage inward	2,000
Carriage outward	1,450
Power	2,670
Income tax	4,475
Donation	3,300
Advertisement expenses	7,500
Packing expenses	3,500
Office rent	4,520
Manager's salary (for factory 80% and for office 20%)	12,000
Drawing office expenses	3,230
Counting house salary	6,990
Expenses for delivery van	7,550
Opening stock of raw materials	20,000
Closing stock of raw materials	16,000

Find out following percentage after preparing cost sheet:

- (1) Percentage of factory overheads with direct labour
- (2) Percentage of office overheads with factory cost
- (3) Percentage of selling and distribution expenses with production cost of goods sold.

In addition, if comes to knowledge that Joyti Ltd. will receive an order for manufacturing special machine. For this special order, consumption of material is estimated Rs. 40,000 and expenses for labour will be Rs. 16,000. Company desires to earn profit at 16 2/3% on selling price.

Prepare Tender sheet and decide the selling price. [20]

- 2. The information given below has been taken from the costing records of an engineering work in respect of Job No. 100:**

Material Rs. 37,000

Wages:

Dept. A : 30 hours @ Rs. 27 per hour

Dept. B : 20 hours @ Rs. 18 per hour

Dept. C : 10 hours @ Rs. 45 per hour

Variable overheads estimated:

Dept. A : for 2,500 hours Rs. 45,000

Dept. B : for 750 hours Rs. 27,000

Dept. C : for 250 hours Rs. 18,000

Fixed overheads estimated Rs. 1,20,000 for 5,000 hours.

You are required to ascertain the cost of the Job No. 100.

[20]

3 From the following information find out cost per kilometer on one vehicle.

Particular	
Annual Kilometer	30,000
	Rs.
Cost of Vehicle	Rs. 5,00,000
Annual Expenses:	
License fees	16,000
Insurance	14,000
Garage rent	12,000
Supervisor's salary	24,000
Salary of a driver per hour	5
Price of petrol per liter	50
Repairs per kilometer	2
Tyre expenses per kilometer	1.50

(1) Vehicle runs 20 kilometer per liter

(2) Life of vehicle is 2,00,000 kilometers : speed of vehicle per hour is 20 kilometers.

[20]

4. Write a Short Notes (Any four)

[40]

1. Operating Costing
2. Batch Costing
3. Escalation clause
4. Joint Products
5. FIFO method

Assignment (DACA-3)

Managerial Cost Accounting

Last Date of Submission At Study Center :- 30/07/2017

Max-Marks-100

Q=1(A) VINOD LTD uses integrated accounting system. Journalize the following transactions for the year ending 31st march 2014 . 20 marks

RS

Material purchased on credit	60,000
Wages paid	70,000
Productive wages	60,000
Un productive wages	10000
Material issued to production	54,000
Factory overheads paid	28,000
Factory overheads charged to production	34,400
Administration overheads paid	18,400
Closing balance of work in progress	14,400
Selling expenses paid	20,000
Administration overheads charged to finished stock A/c	18,000
Selling expenses charged to sales A/c	20,000
Sales	1, 60,000
Closing stock of finished goods	14,000
Receipts from debtors	1, 40,000

B from the following data prepare cash budget for Mina ltd from the period from 1st july to 31st December 2015 when the opening balance is expected to be RS 50,000:

Months	Sales RS.	Purchases Rs	Wages Rs	Manufacturing expenses RS.	Office exp. RS	Selling exp. RS
May	4,00,000	1,80,000	36000	24000	14000	16000
june	3,60,000	1,90,000	40000	28000	16000	18000
July	4,20,000	1,88,000	38000	20000	14000	16000
August	3,40,000	1,88,000	30000	26000	10000	17000
September	3,50,000	1,90,000	44000	29000	13000	17200
October	4,40,000	1,44,000	36000	22000	14400	18600
November	4,24,000	1,50,000	42000	19000	15000	15600
December	5,00,000	1,30,000	40000	20000	14800	13000

Additional information:

- 1 Machinery to be purchased for Rs 1,20,000 in July will be payable on delivery.
- 2 Periods of credit allowed by suppliers is 1 month and the same credit period is allowed to customers.
- 3 Wages are paid after one week, while factory administrative expenses and selling expenses are paid one month in which they are incurred.
- 4 A sale commission of 2 ½ on sales is paid two months after sales.
- 5 Machinery to be purchased in august for RS 3,60,000 is payable in equal installment in September and October.

Q.2 Answer the following questions (Any Two)**30 marks**

- 1 Write a short note on profit centre of responsibility accounting.
- 2 Write a short note on flexible budget.
- 3 Explain make or buy decision in decision making.
- 4 A company budgets for a production of 75000 units.the variable cost per unit is Rs. 14 and fixed cost is Rs. 2 per unit .The company fixes its selling price to fetch a profit of 15% on cost.
 - (a) What is the breakeven point?
 - (b) What is the profit –volume ratio?
 - (c) If it reduces its selling price by 5%, how the revised selling prices affect the break – even point and the profit –volume ratio?

Q.3 Answer the following questions in short (Any four)**20 marks**

1. The following information relating to riya ltd is given to you.

Sales	RS 8,00,000
Fixed cost	RS 3,60,000
Variable cost	RS 5,00,000

Ascertain how much the value of sales must be increased for the company to break even.

2. what is break even analysis?
3. what is sunk cost and opportunity cost?
- 4.describe the meaning of responsibility centre?
- 5.what is financial budget?

Q.4 Answer the following M.C.Q. (Any ten)**10 marks**

1. Which among the following is an implicit cost?
 - a) Opportunity cost
 - b) Wages paid to employees
 - c) Rent paid to land hired
 - d) Interest paid on capital
2. Which of the following is not true of cash budget ?
 - a) Cash budget indicates timings of short-term borrowing,
 - b) Cash budget is based on accrual concept
 - c) Cash budget is based on cash flow concept
 - d) Repayment of principal amount of loan is shown in cash budget.
3. _____ are those which do not vary with an increase in production or sales activities for a particular period of time.
 - a) Fixed costs
 - b) Variable costs
 - c) Semi-variable costs
 - d) Total costs

4. According to CVP analysis, a company could **never** incur a loss that exceeded its total
 a) variable costs. b) fixed costs. c) costs d) contribution margin.
5. CVP analysis is based on concepts from
 a) standard costing. b) variable costing c) job order costing. d) process costing
6. In CVP analysis, linear functions are assumed for
 a) contribution margin per unit. b) fixed cost per unit.
 c) total costs per unit. d) all of the above.
7. Which of the following factors is involved in studying cost-volume-profit relationships?
 a) product mix b) variable costs c) fixed costs d) all of the above
8. Cost-volume-profit relationships that are curvilinear may be analyzed linearly by considering only
 a) fixed and mixed costs. b) relevant fixed costs
 c) relevant variable costs. d) a relevant range of volume.
9. At the break-even point, fixed costs are always
 a) less than the contribution margin. b) equal to the contribution margin.
 c) more than the contribution margin. d) more than the variable cost.
10. After the level of volume exceeds the break-even point
 a) the contribution margin ratio increases
 b) the total contribution margin exceeds the total fixed costs.
 c) total fixed costs per unit will remain constant.
 d) the total contribution margin will turn from negative to positive.
11. The of cost accounting that lends itself to break-even analysis is
 a) variable. b) standard. c) absolute d) absorption.
12. Given the following notation, what is the break-even sales level in units?
 SP = selling price per unit, FC = total fixed cost, VC = variable cost per unit
 a) $SP/(FC/VC)$ b) $FC/(VC/SP)$ c) $VC/(SP - FC)$ d) $FC/(SP -$
 VC)
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Assignment -(DACA-4) **DACA-Variance Analysis**

Last Date of Submission At Study Center :- 30/07/2017

Max-Marks-100

Q.1 A calculates:

1. Material cost variance
2. Material price variance
3. Material usage variance from the following data of Tina ltd.

Standard		Actual	
Quantity (kg)	price(rs)	Quantity(kg)	price(rs)
A 1200	8	1440	7.50
B 1800	10	2160	10.20

- B.** The data from the budget and actual data of a factory for January 2015 for Diya ltd are as follow:

Budgeted production 600 units

Budgeted variable overheads Rs 12000

Standard time for production of one unit: 20 hours

Actual production during the month: 500 units

Actual hours during the month 14000 hours

Actual variable overheads Rs 12600

Calculate variable overhead variances from the above data.

Q.2 Answer the following questions (Any Two)

30 marks

1. The budgeted and actual sales of a concern manufacturing and marketing a single product are furnished below for jinal ltd:

Budgeted sales : 20000 units at RS 4 per unit

Actual sales : 10000 units at RS 3.5 per unit

16000 units at RS 4 per unit

2. state procedure to reconcile budgeted profits with actual profits.
3. Write a short note on material variances.
4. write a short note on labor variances.

Q.3 Answer the following questions in short (Any four)

20 marks

1. Write a short note on variances reporting?
2. Explain material yield sub- variances.
3. What is idle time variance?
4. What is overhead variance?
5. Explain the material usage variance.

Q.4 Answer the following M.C.Q and Filling the Blank. (Any ten)

10 marks

- 1 A primary purpose of using a standard cost system is
 - a.) to make things easier for managers in the production facility.
 - b.) to provide a distinct measure of cost control.
 - c.) to minimize the cost per unit of production.
 - d.) b and c are correct.
- 2 The standard cost card contains quantities and costs for
 - a) direct material only
 - b) direct labor only.
 - c) direct material and direct labor only
 - d) direct material, direct labor, and overhead.
- 3 Which of the following statements regarding standard cost systems is **true**?
 - a) Favorable variances are not necessarily good variances.
 - b) Managers will investigate all variances from standard.
 - c) The production supervisor is generally responsible for material price variances.
 - d) Standard costs cannot be used for planning purposes since costs normally change in the future.
4. In a standard cost system, Work in Process Inventory is ordinarily debited with
 - a) actual costs of material and labor and a predetermined overhead cost for overhead
 - b) standard costs based on the level of input activity (such as direct labor hours worked).
 - c) standard costs based on production output.
 - d) actual costs of material, labor, and overhead.
5. A standard cost system may be used in
 - a) job order costing, but not process costing.
 - b) process costing, but not job order costing.
 - c) either job order costing or process costing.
 - d) neither job order costing nor process costing.
6. Standard costs may be used for.
 - a) product costing.
 - b) planning.
 - c) controlling.
 - d) all of the above.

7. A purpose of standard costing is to
- a) replace budgets and budgeting.
 - b) simplify costing procedures.
 - c) eliminate the need for actual costing for external reporting purposes.
 - d) eliminate the need to account for year-end under-applied or over-applied manufacturing overhead.
8. Standard costs
- a) are estimates of costs attainable only under the most ideal conditions.
 - b) are difficult to use with a process costing system.
 - c) can, if properly used, help motivate employees.
 - d) require that significant unfavorable variances be investigated, but do not require that significant favorable variances be investigated.
9. A bill of material does **not** include
- a) quantity of component inputs.
 - b) price of component inputs.
 - c) quality of component inputs.
 - d) type of product output.
10. An operations flow document
- a) tracks the cost and quantity of material through an operation.
 - b) tracks the network of control points from receipt of a customer's order through the delivery of the finished product.
 - c) specifies tasks to make a unit and the times allowed for each task.
 - d) charts the shortest path by which to arrange machines for completing products
11. A total variance is best defined as the difference between total
- a) actual cost and total cost applied for the standard output of the period.
 - b) standard cost and total cost applied to production.
 - c) actual cost and total standard cost of the actual input of the period.
 - d) actual cost and total cost applied for the actual output of the period.
12. The difference between total actual cost incurred and total standard cost applied is referred to as _____.
-