



# UNIVERSITY OF THE PUNJAB

Second Year A/2016  
Examination: B.B.A. (Hons.)

Roll No. ....

Subject: Cost Accounting  
PAPER: 1

TIME ALLOWED: 3 hrs.  
MAX. MARKS: 100

**NOTE: Attempt any FIVE questions. Each question carry equal marks.**

Q. No.1	Two materials A and B are used in company as follow: Minimum usage-----50 units per week each Maximum usage -----150 units per week each Normal \Average usage -----100 units per week each EOQ\Re-order quantity-----A:600 units and B:1000units Delivery period-----A;4 to 6 weeks, B: 2 to 4 weeks  <b>Required:</b>  Calculate various stock levels: a) Re-order level b) Minimum level c) Maximum Level	20
Q. No.2	It is estimated that during the coming year Shannaz Auto Industry will buy 50,000 units of a certain component at a price of Rs. 30 per unit. Annual storage cost per unit is estimated as Rs.1 .90 per unit. It is policy of company to impute 15% interest on capital invested in inventory. Ordering cost is expected to be Rs.40 per order. Presently the company buys in four quarterly orders of 12,500 units.  <b>Required:</b>  a) EOQ b) Savings for coming year if company buys in economic order quantity.	20
Q.No.3	In an accounting conference , discussion turned to the possibility of preparing financial statements from a few key accounts, together with financial or cost ratios. The assistant controller of participating firm provided the following data: Income before tax-----Rs.1,200,000 Income before tax is 10% of sales	20
	Gross profit is 40% of sales Marketing expenses are 15% of sales 5% bonds payable represents 37.5% of total liabilities of Rs.2,000,000.  <b>Required:</b>  Prepare an income statement for the year based on above information.	

P.T.O.