

31 BAF (I)

28

Q. P. Code:-24468

31

(Time:-2 $\frac{1}{2}$  Hours)

(Marks:75)

- Note: 1] Q – 1 is compulsory  
2] Q – 2 to Q -5 with internal choice  
3] Figures at right indicates full marks for question.  
4] Use of standard calculator is permitted  
5] Working notes should form part of your answers

Q.1.A) Fill in the blanks with the correct option: (Any 8)

(8)

- 1) \_\_\_\_\_ is not a costing system
  - i. Marginal costing
  - ii. Uniform costing
  - iii. Absorption costing
  - iv. Process costing
- 2) The cost which remains constant irrespective of output upto capacity limit is \_\_\_\_\_
  - i. Fixed cost
  - ii. Product cost
  - iii. Variable cost
  - iv. Sunk cost
- 3) Maximum level indicates \_\_\_\_\_
  - i. Maximum inventory to be kept
  - ii. Minimum inventory to be kept
  - iii. Average inventory to be kept
  - iv. All of the above
- 4) Sugar used in a ice cream is \_\_\_\_\_
  - i. Indirect cost
  - ii. Total cost
  - iii. Direct cost
  - iv. Non cash cost
- 5) Power is allocated on the basis of \_\_\_\_\_
  - i. H.P of machines
  - ii. Cost of machines
  - iii. Machine hours of machine
  - iv. Labour hours
- 6) The cost which is not actually incurred or to be incurred in future but assumed is called \_\_\_\_\_
  - i. Notional cost
  - ii. Imputed cost

- iii. Opportunity cost
  - iv. Both i & ii
- 7) The objectives of material control is \_\_\_\_\_
- i. Overstocking of material
  - ii. Understocking of material
  - iii. Increase working capital
  - iv. None of the above
- 8) When the amount of overhead absorbed is less than the amount of overhead incurred it is called \_\_\_\_\_
- i. Under absorption of overheads
  - ii. Over absorption of overheads
  - iii. Allocation of overheads
  - iv. None of the above
- 9) The method under which service centre overheads are distributed to production department only is \_\_\_\_\_
- i. Primary distribution
  - ii. Secondary distribution
  - iii. Apportionment
  - iv. None of the above
- 10) The cost of wood in a chair is \_\_\_\_\_
- i. Marginal cost
  - ii. Direct material
  - iii. Variable cost
  - iv. All of the above

Q.1.B) State whether the following statements are True or False: (Any 7)

(7)

- i. Cost accounting provides only historical data
- ii. Materials not forming part of the finished product are known as indirect materials
- iii. Stores ledger is maintained by store keeper
- iv. Material control is application of the controlling function to the area of material management
- v. The term inventory includes loose tools
- vi. Dearness allowance is linked with cost of living index
- vii. Staff salary is an administrative overheads
- viii. All overheads are the cost, but all cost are not the overheads
- ix. Machine hour rate is not suitable for absorption of overheads if the work is done mainly by machines
- x. Costing system helps in measuring profit

Q.2.A) Prepare stores ledger A/C on the basis of FIFO method using the following informations: (8)

2016

March 1 Opening stock 5000 units @ 25 per unit

Purchases:

March 13	2000 units @ 24.50 per unit
----------	-----------------------------

Sales:

March 3	700 units
March 4	1000 units
March 8	800 units
March 16	1800 units

March 14 Returned to stores 150 units @ Rs.24 per unit.

On 15<sup>th</sup> March there was a shortage of 50 units

Q.2.B) The following information is available:

(7)

Particulars	
Normal consumption (in units)	8000
Minimum consumption (in units)	4000
Maximum consumption (in units)	12000
Re-order quantity (in units)	48000
Re-order period (in months)	4 to 6
Emergency purchase period (in months)	2

Calculate for each component:

- i) Reordering level
- ii) Minimum stock level
- iii) Maximum stock level
- iv) Average stock level
- v) Danger level

(OR)

Q.2.A) The inventory records for the year 2016 shows the following figures: (8)

Particulars	Opening stock	Purchases	Closing stock
Material A	700	11500	200
Material B	200	11000	1200
Material C	1000	1800	1200

Calculate the material turnover ratios regarding each of these materials and express in no. of days the average inventory held.

(7)

Q.2.B) Calculate EOQ from the following information. Also state the no. of orders to be placed in a year

Consumption of material per annum 10000 kg

Order placing cost per order Rs.50

Storage cost 8% on average inventory

Cost per kg of raw materials Rs.2

Q.3.A) The following information is supplied from the costing records of a company (8)

Particulars	Amount
Rent	2000
Maintenance	1200
Depreciation	900
Lighting	200
Insurance (stock)	1000
Employers contribution to P.F	300
Energy	1800
Supervision	3000

Particulars	Departments			
	A	B	C	D
Floor space (sq.mtr.)	150	110	90	50
No of workers	24	16	12	8
Total direct wages	8000	6000	4000	2000
Cost of machinery	24000	18000	12000	6000
Stock of goods	15000	9000	6000	-

Prepare a statement showing apportionment of costs to various departments (7)

Q.3.B) Calculate the earnings of a worker under Halsey Premium plan and Rowan Premium plan for executing a piece of work in 60 hours against 75 hours allowed. His hourly rate is 25 paise per hour and under Halsey system he is to be paid a bonus of 50% on time saved. In addition he gets a dearness allowance of Rs.1 per day of 8 hours work.

(OR)

Q.3.A) A manufacturing concern has three production departments and two service departments. In July 2016, the departmental expenses were as follows: (8)

Particulars	Amount
<b>Production departments:</b>	
A	16000
B	13000
C	14000
<b>Service departments:</b>	
X	4000
Y	6000

Expenses of service department X & Y are apportioned as under:

	A	B	C	X	Y
Service department X	20%	25%	35%	-	20%
Service department Y	25%	25%	40%	10%	-

Prepare a statement of secondary distribution under repeated distribution method

Q.3.B) On the basis of the following information, calculate the earnings of Mr. A and Mr.B on the straight piece rate basis and Taylors Differential Piece rate system. (7)

Standard Production: 8 units per hour

Normal Time Rate: Rs.4 per hour

Differential to be applied: 80% of Piece rate below standard

120% of Piece rate at or above standard

In a 9 hour day, Mr.A produces 54 units and Mr.B produces 75 units.

Q. P. Code:-24468

Q.4.A) Calculate the machine hour rate for the month of January 2016 to cover the overhead expenses relating to a machine. (8)

Particulars	Amount
Rent of the department (1/5 <sup>th</sup> area is occupied by machine)	780 p.a.
Lighting (Out of 12 points, 2 are for this machine)	288 p.a.
Insurance	36 p.a.
Cotton waste, oil etc.	60 p.a.
Foremans salary (1/4 <sup>th</sup> of this machine)	6000 p.a.
Cost of the machine	9200
Scrap value	200

It is assumed that machine will work for 1800 hours p.a. and that it will incur Rs.1125 for repairs and maintenance for life. It is further assumed that 5 units of power should be used per hour @ 6 paise per unit. The life of machine will be 10 years.

Q.4.B) The following information is extracted from the budget of ABC Ltd for 2016. (7)

Particulars	Amount
Factory overheads	62000
Direct Labour cost	100000
Direct labour hours	155000
Machine hours	50000
Direct material cost	200000

You are required to workout overhead application rates by using the following methods of overhead absorption.

- i. Direct Labour Hour Rate
- ii. Direct Labour Cost in %
- iii. Machine Hour Rate
- iv. Prime Cost in %

(OR)

Q.4) The production department of a factory furnishes the following information for the month of October 2017 (15)

Materials consumed	Rs. 54000
Direct wages	Rs. 45000
Labour Hours worked	36000
Hours of machine operation	30000
Overheads chargeable to the department	Rs. 36000

For an order executed by the department during the period the relevant information was as under:

Materials consumed	Rs.12000
Direct wages	Rs.6400
Labour hours worked	6400
Hours of machine operation	4800

You are required to calculate the overhead charges chargeable to the job by the following methods-

- i. Direct material cost percentage rate
- ii. Direct wages percentage rate
- iii. Labour hour rate
- iv. Machine hour rate

Also prepare a comparative statement of cost of this order by the above methods

Q.5.A) Explain cost structure (8)

Q.5.B) Distinguish between allocation, apportionment and absorption of overheads (7)

OR

Q.5) Write short notes on: (Any 3) (15)

- a) Objectives of cost accounting
- b) Time Rate method
- c) Idle time card
- d) Material control
- e) Under-Absorption and Over- Absorption of overheads

\*\*\*\*\*