

- N. B. :** (1) Each question carries **15** marks.
(2) Working notes should form part of your answer.
(3) Use of simple calculator is permitted.

1. (A) Select the correct alternative and rewrite the sentences. (any **eight**) :-

(i) Cost accounting is an important system developed for _____.

- (a) Shareholders (b) Management
(c) Government (d) Financial institutions

(ii) The cost which remains constant irrespective of output upto capacity limit is _____.

- (a) Fixed cost (b) product cost
(c) Variable cost (d) Sunk cost

(iii) The function of purchase department is _____.

- (a) purchase of materials (b) sale of scrap
(c) production of goods (d) none of the above

(iv) A store ledger is _____.

- (a) an evidence of delivery of materials
(b) a ledger of the supplier
(c) a ledger which shows movement of each item of materials
(d) none of the above

(v) Stores department maintains a record in which a separate folio is maintained for each item _____.

- (a) stores ledger (b) stock register
(c) Bin card (d) Bill of materials

(vi) Time booking is essential for _____.

- (a) record purpose (b) costing purpose
(c) controlling purpose (d) none of the above

(vii) The method of remuneration to give stability of labour cost of the employers is _____.

- (a) straight piece work (b) premium bonus
(c) measured day work (d) none of the above

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(viii) The allotment of whole items of cost to cost unit is called _____.

- (a) cost allocation (b) cost apportionment
(c) cost classification (d) overhead absorption

(ix) The process by which cost items are charged direct to a cost unit is called _____.

- (a) absorption (b) apportionment
(c) allocation (d) allotment

(x) The resources that have been used for attaining a particular objective is _____.

- (a) Revenue (b) cost
(c) profit (d) investment

(b) State whether the following statements are True or False (any **seven**) :- 7

- (i) Cost accounting is an essential tool of management.
(ii) Fixed cost changes according to the level of activity.
(iii) Purchase order is an order to stores department to issue materials.
(iv) Purchase requisition requests the supplier to supply materials.
(v) Valuation of closing stock is the same under FIFO & LIFO method.
(vi) Time book records time of arrival & departure of each worker.
(vii) Dearness allowance is linked with cost of living index.
(viii) Allocation & apportionment of overheads means the same thing.
(ix) Underabsorption of overheads decreases profit in costing books.
(x) Costing system helps in measuring profits.

2. Classify the following items :-

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(A) On the basis of traceability to product :-

- (i) Cost of cotton in textile industry
(ii) Carriage expenses for raw material
(iii) Cost of Gunny bags in cement manufacturing unit

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(iv) Factory security staff wages

(v) Lighting in the factory

(B) On the basis of behaviour to change in level of activity :-

(i) Office insurance charges

(ii) Customs duty on raw material

(iii) Cost of raw material

(iv) Manager salary

(v) Factory insurance

(C) On the basis of functions :-

(i) Salesman salary

(ii) Printing & stationery

(iii) Exhibition expenses

(iv) Depreciation on furniture

(v) Trade fair expenses

OR

2. Two components X & Y are used as follows : 15

Normal usage : 300 units per week each

Maximum usage : 450 units per week each

Minimum usage : 150 units per week each

Reorder quantity : X – 2400 units

Y – 3600 units

Reorder period : X – 4 to 6 weeks

Y – 2 to 4 weeks

Calculate for each component :

(i) Reorder level

(ii) Minimum level

(iii) Maximum level

(iv) Average stock level

3. Prepare stores ledger A/c on the basis of FIFO & weighted average methods 15

of pricing the issue of stores using the following information :

Mar. 1 Opening stock 300 units @ 9.70 per unit

Purchases :

Mar. 3	250 units @ 9.80 per unit
Mar. 15	300 units @ 10.05 per unit
Mar. 25	150 units @ 10.30 per unit

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Issues :

March 11	400 units
Mar. 20	210 units
Mar. 29	100 units

OR

3. Explain with the help of diagram various levels of stock. 15
4. (a) Standard time set for Job X & Job Y is 40 hours & 200 hours respectively Mr. A is engaged on Job X & Mr. B is engaged on Job Y. Mr. A is paid under Halsey plan. Mr. B is paid under Rowan plan.
 Mr. A : Time rate per hour – Rs. 4
 Actural time taken – 24 hours
 Mr. B : Time rate per hour – Rs. 2.50
 Actual time taken – 120 hours

Calculate earnings & effective rate of earning of both.

- (b) Sanjay Ltd. has five departments A, B, C, D and E. The actual cost incurred for the month of February 2015 are as follows : 7

Particulars	Rs.
Repairs	10,500
Rent	12,500
Depreciation	7,000
Supervision	28,000
Insurance	6,400
Employer's Liability for employees insurance	3,000
Lighting	9,000

The following data is also available in respect of the five departments:

Particulars	A	B	C	D	E
Area (sq. ft.)	140	120	110	90	40
No. of workers	25	20	10	10	5
Total wages	1,00,000	80,000	50,000	50,000	20,000
Value of plant	2,00,000	1,80,000	1,60,000	1,00,000	60,000
Value of stock	1,50,000	1,00,000	50,000	20,000	—

Prepare primary overhead distribution summary on most equitable basis.

OR

[TURN OVER

4. (a) From the following information calculate the earnings of a worker 8
 under Time Rate method & Piece Rate Method
 Standard time : 30 hours
 Time taken : 20 hours
 Hourly rate of wages is Rs. 1 per hour plus a dearness allowance @
 50 paise per hour worked.
- (b) A company has 3 production departments and 2 service departments.
 For a period the following is the primary distribution summary of costs.

Production Departments			Service Departments	
A	B	C	D	E
13,800	21,900	12,900	6,300	5,100

Expenses of service departments D and E are apportioned as under :

	A	B	C	D	E
D	30%	40%	20%	—	10%
E	10%	20%	50%	20%	

You are required to apportion the cost of service departments to production departments under repeated distribution method.

5. (a) Distinguish between Cost Accounting & Financial Accounting. 8
 (b) What do you understand by Direct material, Direct wages, Direct expenses & Indirect expenses? Give 3 examples of each. 7

OR

5. Write short notes on (any **three**) :- 15
- EOQ
 - Opportunity cost
 - Advantages of Cost Accounting
 - Factors affecting wages
 - Note on production overheads & administrative overheads.