

Duration = 2 ½ Hours

51 Working notes should form part of your answers

(08)

- (07)

- b) Costing department

c) Stores

d) None of the above

5. Direct Material is a _____

a) Manufacturing cost

b) Administration cost

c) Selling and Distribution cost

d) Any of the above

6. Prime costs plus variable overhead is known as _____

a) Production cost

b) Managerial costs

c) Total cost

d) Cost of Sales

7. When premises are owned, a charge in lieu of rent is _____

a) an opportunity cost

b) an imputed cost

c) a sunk cost

d) an avoidable cost

8. Costs which are not relevant for decision- making and are not affected by increase or decrease in volume are _____

a) Imputed costs

b) Sunk costs

c) Historical costs

d) Opportunity costs

9. When amount deposited in a bank is withdrawn for financing a project, the loss of interest on bank deposit will be referred to as _____

a) Sunk cost

b) Pre- production cost

c) Opportunity cost

d) replacement cost

10. Costs that can be easily traced to a specific department are called _____

a) Direct costs

b) Indirect costs

c) Overheads

d) Processing costs

Q – 2 The following are the purchases and issues of material in a factory during July 2018(15)

July	1	Opening stock 5000 tons at Rs. 24 per ton.
	4	Issued 3500 tons
	6	Purchased 8750 tons at Rs. 25 per ton.
	8	Condemned due to deterioration in quantity.
	9	Issued 2000 tons
	14	Issued 5250 tons
	17	Purchased 5000 tons at RS. 28 per ton
	20	Issued 3000 tons
	25	Purchased 4500 tons at Rs. 27 per ton
	28	Issued 2800 tons
	31	Excess found in stock 430 tons due to wrong weighing during the month

Show the Stores Ledger Account under FIFO system and weighted average method

OR

Q – 2 A. Two components 'Mittha' and 'Khatta' are used in Pingo Industries as follows: (08)

Normal Usage

:

450 units per week each

Minimum Usage

:

225 units per week each

Maximum Usage	:	672 units per week each
Re – order Quantity	:	A : 2700 units
	:	B : 4500 units
Re – order Period	:	A : 4 to 6 weeks
	:	B : 2 to 4 weeks

Calculate for each component:

1. Re – order Level
2. Minimum Level
3. Maximum Level
4. Average Stock Level

B] Determine the EOQ from the following particulars:

(07)

- | | | |
|----------------------------------|---|------------------------|
| i) Monthly Consumption | : | 200 units |
| Cost of material | : | Rs. 120 per unit |
| Cost of placing an order | : | Rs. 50 |
| Annual carrying cost of one unit | : | 10% of inventory value |
| ii) Semi Annual Consumption | : | 6000 units |
| Cost of material | : | Rs. 20 per unit |
| Cost of placing an order | : | Rs. 100 |
| Annual carrying cost of one unit | : | 20% of inventory value |

Q – 3 a] From the following particulars, work out earnings for the week of a worker under:(08)

1. Straight Piece rate System
2. Differential Piece rate System
3. Halsey Premium System
4. Rowan System

Number of working Hours per week : 48

Wages per hour : Rs. 22.5

Rate per piece : Rs. 9

Normal Time per piece : 20 minutes

Normal Output per week : 120 pieces

Actual Output for the week : 150 pieces

Differential Piece rate : 80% of piece rate when output is below standard and 120% when above standard.

B] Daily wage rate guaranteed for a worker is Rs. 80 and he standard output fixed for a week is 200 articles, representing 100% efficiency. The guaranteed wage rate is paid without bonus, to those workers who show efficiency upto 70% of the standard. Beyond this, bonus is payable on a graded scale in the fixed ratio to the increased output as under :

Efficiency: 90% Bonus Payable : 10%

Efficiency: 100% Bonus payable : 20%

Further increased of 1% in the bonus is given for every 1% increase in the efficiency.

Calculate the total earnings of 4 workers who have worked for a week and their output was as under :

No. 1 : 150 articles No. 2 : 190 articles No. 3 : 200 articles No. 4: 220 articles (07)

OR

Q – 3 A] Explain the Causes of Labour Turnover

(08)

B] Calculate the total remuneration of three workers Sunil, Bhavesh, Chintan from the following data: (07)

1. Standard production per month per worker : 5,000 units
2. Actual production during the month : A 4850 units, B : 4750 units , C 4950 units
3. Piece work rate is Rs. 20 per unit of production
4. Additional production bonus is Rs. 5 for each percentage of actual production exceeding 80% of standard production
5. Dearness allowance: fixed @ Rs. 200 p.m.

Q – 4 Vasanthi Ltd. has four production departments A, B, C and D and two service department X and Y. The particulars of expenses of the respective departments are as follows: (15)

Production departments				Service departments	
A	B	C	D	X	Y
Rs.40,000	Rs.36,000	Rs.32,000	Rs.28,000	Rs.22,000	Rs.15,200

The expenses of Service Departments are charges out on a percentage basis given below:

Particulars	Production Dept.				Service Department	
	A	B	C	D	X	Y
Service Dept. X	10%	30%	20%	20%	-	20%
Service Dept. Y	30%	20%	30%	10%	10%	-

Prepare statement showing distribution of overheads using Repeated Distribution method and Trial and Error Method

OR

Q – 4 From the following information work out the production hour rate of recovery of overhead in department X, Y and Z (15)

Particulars	Total Rs.	Production Department			Service Department	
		X (Rs.)	Y (Rs.)	Z (Rs.)	A (Rs.)	B (Rs.)
Rent	12,000	2,400	4,800	2,000	2,000	800
Electricity	4,000	800	2,000	500	400	300
Indirect Labour	6,000	1,200	2,000	1,000	800	1,000
Depreciation	5,000	2,500	1,600	200	500	200
Sundries	4,500	910	2,143	847	300	300
Estimated Working Hours	-	1,000	2,500	1,400	-	-

Expenses of service Department P and Q are apportioned as under

	M	N	O	P	Q
Service Department P	30%	40%	20%	-	10%
Service department Q	10%	20%	50%	20%	-

The expenses of Service Department may be apportioned with the help of Repeated Distribution method and Simultaneous Equation Method

Q – 5 A] Explain the classification of cost on basis of behavior with suitable diagram (08)

B] Explain the basis of overheads apportionment.

(07)

OR

Q – 5 Write Short Notes (Any 3)

1. EOQ
2. Direct cost and Indirect cost
3. Stock levels
4. Incentive plans
5. Functions of store department

munotes.in