

N.B. 1. All Questions are compulsory. 2. Figures to the right indicate full marks.

Q.1. Objectives Questions

(A) Multiple Choice Questions (8 out of 10)

(8)

1. Cost accounting is directed towards the needs of _____
 (a) Government (b) Internal users
 (c) External users (d) Shareholders
2. The reorder level is _____
 (a) The number of units that should be ordered (b) The economic order quantity
 (c) The level of inventory when next order should be placed (d) The economic order quality
3. An example of fixed cost is _____
 (a) Materials consumed (b) Depreciation
 (c) Factory power (d) Packing material
4. FIFO is _____
 (a) Fast Investment in future order (b) First in first out
 (c) Fast in fast out (d) Fast issue of fast order
5. Bin card is maintained by the _____
 (a) Accounts department (b) Stores
 (c) Cost department (d) Sales department
6. Wage sheet is prepared by _____
 (a) Payroll department (b) Personnel department
 (c) Time keeping department (d) Cost accounting department
7. Merricks multiple piece rate system has _____
 (a) Two rates (b) Three rates
 (c) Four rates (d) Five rates
8. Bonus under Halsey plan is paid _____
 (a) at 50% of time saved (b) at 75 % of time saved
 (c) at 80% of time saved (d) at 90% of time saved
9. Bad debt is an example of _____
 (a) Production overhead (b) Administration overhead
 (c) Selling overhead (d) Distribution overhead
10. An example of variable cost is _____
 (a) Property taxes (b) Interest on Capital
 (c) Direct material cost (d) Depreciation of Machinery

(B) State whether the following are true or False: (7 out of 10)

(7)

1. Cost accounting helps in controlling cost.
2. Imputed costs are type of opportunity costs.
3. Purchase requisition note is prepared by the purchasing department.
4. Bin cards are not a part of accounting records.
5. In Halsey premium plan, time wages are guaranteed.
6. Labour productivity automatically increases when production increases.
7. Factory overhead includes all production costs other than direct materials and salaries.

8. Administration overheads are usually absorbed as a percentage of prime cost.
9. Packing cost is a distribution cost.
10. Wages of delivery van drivers is a selling overhead.

Q.2. (A) The following information is available in respect of material:

(8)

Re-order quantity = 1,500 units.

Re-order period = 4 – 6 weeks.

Maximum consumption = 400 units per week.

Normal consumption = 300 units per week.

Minimum consumption = 250 units per week.

Emergency Re-order period = 2 weeks

Calculate: (a) Re-order level (b) Minimum level (c) Maximum level (d) Average stock level and (e) Danger level.

Q.2. (B) The following particulars apply to a particular job :

(7)

Standard production per hour – 6 units

Standard working hours – 8

Normal rate per hour – Rs.1.20

Mohan produced 32 units

Ram produces 42 units

Prasad produces 50 units

Calculate the wages of these workers under Merrick Differential Piece Rate System

OR

Q.2. (C) From the following data of March, 2014, calculate the cost of goods sold and value of closing Stock using the following methods – FIFO and weighted Average Price:

(15)

Purchase		Sale	
Date	Quantity	Date	Quantity
Mar 2014		Mar 2014	
01	2000	06	1200
02	300	11	1000
10	200	30	200
22	300		

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

(08)

Particulars	Amount	Particulars	Amount
Rent	2,000	Insurance (Stock)	1,000
Maintenance	1,200	Employer's contribution to P.F.	300
Depreciation	900	Energy	1,800
Lighting	200	Supervision	3,000

Particulars	Production department			
	A	B	C	D
Floor space (Sq. mtr.)	150	110	90	50
Number of employees	24	16	12	8
Total Direct wages (Rs.)	8,000	6,000	4,000	2,000
Cost of machinery (Rs.)	24,000	18,000	12,000	6,000
Stock of goods (Rs.)	15,000	9,000	6,000	-

Prepare Primary Overheads Distribution Summary.

Q.3. (B) Calculate the earnings of a worker under (i) Halsey Plan and (ii) Rowan Plan from the following particulars: (07)

- (1) Hourly rate of wages guaranteed Rs. 0.50 per hour.
 - (2) Standard time for producing one dozen articles – 3 hours.
- Actual time by the worker to produce 20 dozen articles – 48 hours.

OR

Q.3. (C) From the following information, Calculate the machine hour rate for the machine. (08)

Particulars.	Rs.
Purchase price of machine	5,00,000
Installation charges	40,000
Rent per quarter	20,000
General lighting for the total area per month	3,000
Insurance premium for machine (per annum)	6,000
Foreman's salary (per annum)	2,40,000
Estimated Repairs for machine (per annum)	20,000

Power 2 units per hour @ Rs. 500 per 1,000 units. Estimated life of machine is 10 years and estimated value at end of the 10th year is Rs. 1,00,000.

The machine is expected to run 20,000 hours in its life time. The machine occupies 1/4th of the total area. The foreman devotes 1/4th of his time for this machine.

Q.3. (D) From the following information, calculate Economic order quantity. (07)

- Semi-Annual Consumption 6,000 units
 Purchase price of input unit Rs.25
 Ordering cost per order Rs.45
 Quarterly carrying cost 3%

Q.4. (A) The Modern Company is divided into four departments: A, B and C are production departments and D is a service department. The actual costs for a period are as follows: (15)

Particulars	Amount	Particulars	Amount
Rent	10,000	Fire insurance (Stock)	5,000
Repairs to plant	6,000	Power	9,000
Depreciation of plant	4,500	Light	1,000
Supervision	1,500	Employer's Insurance Liability	15,000

The following information are available in respect of the four departments:

Particulars	Production department			Service department
	A	B	C	D
Area (Sq.ft.)	1,500	1,100	900	500
Number of employees	20	15	10	15
Horsepower of machines	800	500	200	-
Total wages (Rs.)	60,000	40,000	30,000	20,000
Value of plant (Rs.)	2,40,000	1,80,000	1,20,000	60,000
Value of stock (Rs.)	1,50,000	90,000	60,000	-
Light points (Nos.)	40	30	20	10

Prepare Primary Overheads Distribution Summary.

OR

Q.4. (B) Calculate the Machine Hour Rate from the following information:

(08)

Cost of Machine	Rs. 8,00,000
Cost of Installation	Rs. 2,00,000
Scrap value	Rs. 2,00,000
Effective life of the machine	10 years
Rent and rates for a quarter for the shop	Rs. 30,000
General lighting Expenses	Rs.2,000 per month
Shop Supervisor's Salary	Rs. 60,000 per quarter
Insurance premium for a Machine	Rs. 6,000 per annum
Estimated repairs	Rs. 10,000 per annum
Power 2 units per hour	@ Rs. 5 per 10 units
Estimated working hours	2,000 per annum

The machine occupies 1/4 th of the total area of the shop. The supervisor is expected to devote 1/6 of his time for supervising the machine.

Q.4. (C) The Purchase Manager of an organisation has collected the following data for one of the , A class items. (07)

Interest of the locked-up capital	20%
Order processing cost (Rs.) for each order	Rs.100
Inspection cost per lot	Rs.50
Follow up cost for each order	Rs.80
Pilferage while holding inventory	5%
Other holding cost	15%
Other procurement cost for each other	Rs.170
Annual demand	1000 units
Cost per item	Rs.10
What should be the EOQ?	

Q.5. (A) Write a Distinguish between Cost Accounting Vs Financial Accounting (8)

(B) Define Cost and explain the various classification of cost (7)

OR

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

- Explain the Halsey premium plan
- What are the advantages of Cost Accounting.
- Explain the Merrick incentive plan
- Explain Stock levels
- Explain EOQ