

[Time: 3.00 Hrs]

[ Marks: 75 ]

Please check whether you have got the right question paper.

**Instructions :**

1. Q1 (20 marks) & Q8 (15 marks) are compulsory.
2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7.
3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any one out of two sub – questions. Each sub – question would carry 10 Marks.
4. Figures to the right indicate full marks.
5. Draw neat diagrams wherever necessary.

**Q.1 Read and attempt the following:**

(a) Multiple choice question.

**10Marks**

i. If overtime is resorted to at the desire of the customer, then the overtime premium:

- (a) should be charged to costing profit and loss account;
- (b) should not be charged at all
- (c) should be charged to the job directly
- (d) should be charged to the highest profit making department

ii. Labour turnover means:

- (a) Turnover generated by labour
- (b) Rate of change in composition of labour force during a specified period
- (c) Either of the above
- (d) Both of the above

iii. Which of the following is not an avoidable cause of labour turnover:

- (a) Dissatisfaction with Job
- (b) Lack of training facilities
- (c) Low wages and allowances
- (d) Disability, making a worker unfit for work

iv. Costs associated with the labour turnover can be categorized into:

- (a) Preventive Costs only
- (b) Replacement costs only
- (c) Both of the above
- (d) Machine costs

v. Which of the following is not a method of cost absorption?

- (a) Percentage of direct material cost
- (b) Machine hour rate
- (c) Labour hour rate
- (d) Repeated distribution method

vi. Service departments costs should be allocated to:

- (a) Only Service departments
- (b) Only Production departments
- (c) Both Production and service departments

(d) None of the production and service departments

vii. Which of the following is not a reason for an idle time variance?

- (a) Wage rate increase
- (b) Machine breakdown
- (c) Illness or injury to worker
- (d) Non-availability of material

viii. Which of the following organisations should *not* be advised to use service costing?

- (a) Distribution service
- (b) Hospital
- (c) Maintenance division of a manufacturing company
- (d) A light engineering company

ix. A company makes a single product and incurs fixed costs of Rs. 30,000 per annum.

Variable cost per unit is Rs. 5 and each unit sells for Rs. 15. Annual sales demand is 7,000 units. The breakeven point is:

- (a) 2,000 units
- (b) 3,000 units
- (c) 4,000 units
- (d) 6,000 units

x. In 'make or buy' decision, it is profitable to buy from outside only when the supplier's price is below the firm's own \_\_\_\_.

- (a) Fixed Cost
- (b) Variable Cost
- (c) Total Cost
- (d) Prime Cost

**(b) True or false.**

**10 Marks**

- i. Abnormal loss cannot be avoided.
- ii. Driver's salary is a variable cost.
- iii. Cost of diesel is running cost.
- iv. Notional costs are not included while ascertaining costs.
- v. Conversion costs and overheads are interchangeable terms.
- vi. The method of costing used in a refinery is "operating costing".
- vii. Cost reduction is cost control.
- viii. Semi-variable costs are ignored in marginal costing.
- ix. 'Cost volume profit relationship' is a more comprehensive term than 'break-even analysis'.
- x. Contribution is not only the criterion for deciding profitability.

**Q.2 Attempt any one of the following:**

**10 Marks**

A) From the following particulars you are required cost sheet:

Particulars	Amt Rs
Opening Stock of Direct Materials	61,700
Work in Progress at Commencement	1,21,700

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Purchase of Direct Materials	2,86,500
Direct Wages	3,57,000
Factory on Cost	1,99,500
Selling on Cost	70,000
Management on Cost	1,10,000
Sales	12,50,000
Closing Stock of Direct Materials	75,400
Closing Work in Progress	1,35,600
Sale of Scrap	1,350
Carriage on Direct Material	5,950

(B) Explain cost of Goods Sold.

**Q.3 Attempt any one of the following:****10 Marks**

(A) A product passes through 3 distinct processes to completion. During December 2013, 500 units were produced. The cost books show the following information:

Particulars	Process 1	Process 2	Process 3
Materials	3000	1,500	1,000
Labour	2,500	2,000	1,500
Expenses	500	2,160	905

The indirect expenses for the period were 1,400 to be apportioned on the basis of Labour Cost. The residue of process B was sold for 145. Residue of process C was sold for 166. Prepare the Process Accounts showing the cost of each process and the cost of production of the finished product per unit.

(B) What is various technique of costing?

**Q.4 Attempt any one of the following:****10 Marks**

(A) The standard and actual figures of a firm are as under Standard time for the job 1,000 hours  
Standard rate per hour ₹50  
Actual time taken 900 hours  
Actual wages paid 36,000  
calculate the variances.

(B) Explain Profit Volume Ratio?

**Q.5 Attempt any one of the following:****10 Marks**

(A) From the following data, you are required to calculate break-even point and net sales value at this point:

Particulars	Amt Rs
Direct Material cost per unit	10
Direct Labour cost per unit	5

Fixed overhead	50,000
Variable overhead 60% of Direct Labour	
Selling price per units	25
Trade Discount	4%

If sales are 10% and 25% above the break even volume, determine the net profits.

(B) What are the Limitations of Marginal Costing?

**Q.6 Attempt any one of the following:**

**10 Marks**

- (A) Explain the objectives of budgeting
- (B) Explain in brief different types of budgets.

**Q.7 Attempt any one of the following:**

**10 Marks**

- (A) Explain different type of standard
- (B) What is the different classification of variance?

**Q.8 Write short notes on Any three from the following:**

**15 Marks**

- (A) Contribution
- (B) Materials Usage Variance
- (C) Profit center
- (D) P/V Ratio
- (E) Cost Sheet

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