

3. If purchasing is done at one central place, it is called _____.
- (a) Decentralised purchasing
 - (b) Optimum purchasing
 - (c) Centralised purchasing
 - (d) Economical purchasing
4. When the issue price is based on the price of oldest materials, it is called _____.
- (a) LIFO
 - (b) FIFO
 - (c) HIFO
 - (d) Average price
5. The cost of labour which cannot be easily identified in the product is called _____.
- (a) Indirect labour cost
 - (b) Direct labour cost
 - (c) Total labour cost
 - (d) Fixed labour cost
6. Apportionment means
- (a) Charging of overheads to cost centres
 - (b) Allocation of overheads to cost centres
 - (c) Charging of overheads to cost units
 - (d) Allocation to cost unit

7. Normal process loss is adjusted with the _____.
- (a) Cost of production
 - (b) Profit and loss account
 - (c) Overhead
 - (d) Fixed cost
8. The method of cost adopted for products which undergo different stages of production is called _____.
- (a) Marginal costing
 - (b) Standard costing
 - (c) Budgeting
 - (d) Process costing
9. Operating Costing is widely used in _____.
- (a) Chemical industries
 - (b) Transport industries
 - (c) Textile industries
 - (d) Sugar industries
10. In contract costing, contract account is prepared by the _____.
- (a) Contractor
 - (b) Contractee
 - (c) Accountant
 - (d) Clerk

PART B — (5 × 5 = 25 marks)

Answer ALL the questions, choosing either (a) or (b).

11. (a) What are the limitations of cost accounting?

Or

- (b) Prepare Cost sheet from the following information:

Particulars	Rs.
Materials consumed	20,000
Wages	18,000
Works overhead charges	15,000
Office overhead charges	16,000
Selling overhead charges	4,000
Sales	1,00,000

In cost records works overhead charges are recorded at 100% wages and office overhead charges are recovered at 25% on work cost. Selling expenses are charged at 10% on sales.

12. (a) What are the various types of stores?

Or

- (b) From the following information:

Minimum Stock level : 2,550 units
Average Stock level : 4,550 unit

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Consumption : Minimum 800 units per month
Maximum 1,500 units per month
Delivery period : Minimum 2 months
Maximum 4 months

Calculate:

- (i) Re-order level.
(ii) Re-order quantity.
(iii) Maximum stock level.

13. (a) What are the causes for idle time?

Or

- (b) From the following information calculate the labour turnover rate by applying

- (i) Separation method
(ii) Replacement method.

Number of workers at the beginning of the period 3,800

Number of workers at the end of the period 4,200

During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited, during the year of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

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14. (a) Prepare abnormal loss A/c of process 'A' from the following details:

Materials	Rs. 30,000
Labour	Rs. 10,000
Overheads	Rs. 7,000
Inputs (20,000 units)	Rs. 1 per unit
Normal loss	10%
Sale of normal wastage per unit	Rs. 1
Output	17,000 units

Or

- (b) Mention the limitations of process costing.

15. (a) From the following information, calculate kilometres and total passenger kilometres.

Number of buses	8
Days operated in the month	30
Trips made by each bus	2
Distance of route	60 kilometres (one way)
Capacity of bus	50 passengers
Normal passengers travelling	80% of the capacity

Or

- (b) State the treatment of Revenue in Completed and Incomplete contract.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) Discuss the essential and difficulties in the installation of Cost accounting system.

Or

- (b) From the following information prepare a cost sheet for the month of Dec. 2008.

Particulars	Rs.
Stock on hand – 1.12.2008	
Raw materials	25,000
Finished goods	17,300
Stocks on hand – 31.12.2008	
Raw materials	26,200
Finished goods	15,700
Purchase of raw material	21,900
Carriage on purchases	1,100
Work-in-progress – 1.12.2008	8,200
Work-in-progress – 31.12.2008	9,100
Sales of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct expenses	1,200

Particulars	Rs.
Factory overhead	8,300
Administrative overheads	3,200
Selling and distribution overheads	4,200

17. (a) Define material control. What are its objectives and techniques?

Or

- (b) The stock in hand of a material as on 1st September was 500 units at Rs. 10 per unit. The following purchases and issues were subsequently made. Prepare the Stores Ledger Account showing how the value of the issues would be recorded under FIFO method.

Purchases

6 th September	100 units at Rs. 11
20 th September	700 units at Rs. 12
27 th September	400 units at Rs. 13
13 th October	1,000 units at Rs. 14
20 th October	500 units at Rs. 15
17 th November	400 units at Rs. 16

Issues

9 th September	500 units
22 nd September	500 units
30 th September	500 units
15 th October	500 units
22 nd October	500 units
11 th November	500 units

18. (a) What are the various methods of re-apportionment of service department expenses to production departments?

Or

- (b) Three workers Ram, Rahim and Robert, having worked for 8 hours, produced 80, 100 and 120 pieces of a product X on a particular day in May in a factory. The time allowed for 10 units of product X is 1 hour and their hourly rate is Rs. 4. Calculate for each of these three workers earnings for the day under

- Straight piece rate
- Halsey premium bonus (50 per cent sharing)
- Rowan premium bonus-method of labour remuneration.

19. (a) Prepare process cost accounts from the following data.

Particulars	Process X	Process Y	Process Z
Direct Material (Rs.)	41,500	32,400	24,600
Direct wages (Rs.)	29,700	27,400	24,100
Factory overheads (Rs.)	14,300	17,700	12,300
Number of units produced	25,000	30,000	32,000
Stock as on 1 st August 2011 (units) (from preceeding process)		6,000	3,000
Stock as on 31 st August 2011 (units) (from preceeding process)		4,000	5,000

Assume that the increase of output in subsequent process is due to additional material.

Or

- (b) Explain abnormal loss and abnormal gain. State briefly how it should be treated in cost accounts.

20. (a) Explain the Costing procedure in Transporting Costing.

Or

- (b) From the following figures prepare a Reconciliation Statement.

Particulars	Rs.
Net profit as per financial records	1,28,755
Net profit as per costing records	1,72,400
Works overheads under-recovered in cost	3,120
Admiration overhead recovered in excess	1,700
Depreciation charged in financial records	11,200
Depreciation recovered in Costing	12,500
Interest received but not included in costing	8,000
Obsolescence loss charged in financial records	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Stores adjustments (credit in financial books)	475
Depreciation of stock charged in financial books	6,750