Dr. Babasaheb Ambedkar Open University
Term End Examination June-2014

Course	: Diploma in Advance Cost Accounting **(DACA)**	**Numerical Code: 0025**
		Roll No.:___________
Subject	: Basic of Cost Accounting **(DACA-01)**	**Numerical Code: 0163**
Date	: **20/02/2015**	
Time	: **11.00 to 02.00**	
N.B.	: All questions carry equal Marks.	**Total Marks : 70**

Q.1 Write a short note on Cost Classification. **(14)**

OR

Explain the ABC Analysis.

Q.2 Ram Ltd. uses three types of materials A, B & C for production of 'X', the product. **(14)**
The relevant monthly data, for the components are as given below:

	A	B	C
Normal usage (in units)	200	150	180
Minimum usage (in units)	100	100	90
Maximum usage (in units)	300	250	270
Re-order Quantity (in units)	750	900	720
Re-order Period (In months)	2 to 3	3 to 4	2 to 3

Calculate for each component:

(a) Re-order Level
(b) Minimum Level
(c) Maximum Level
(d) Average Stock Level

OR

Following information relating to a type of raw material is available in respect of Bharat Ltd:

Annual Demand	2400 Units
Unit Price	Rs.2.40
Ordering cost per order	RS. 4.00
Storage Cost	2% per annum
Interest Rate	10% per annum
Lead Time	Half-month.

Calculate Economic Order Quantity, and total annual inventory cost in respect of the particular raw material.

Q.3 Discuss Halsey Premium Plan and Rowan Plan. **(14)**

OR

The extracts from the payroll of Messrs Shah Bros, is as follows:

Number of employees at the beginning of 1978	150
Number of employees at the end of 1978	200
Number of employees resigned	20
Number of employees discharged	5
Number of employees replaced due to resignations & discharges	20

Calculate the labour turnover rate for the factory by different methods.

Q.4 Write about Absorption of Factory Overheads. **(14)**

OR

Calculate Machine Hour Rate of A Machine:

Consumable stores	Rs. 600 for A Machine
Consumable stores	1,000 for B Machine
Repairs	800 for A Machine
Repairs	1,200 for B Machine
Heat & light	360
Rent	1,200
Insurance of Building	4,800
Insurance of Machines	800
Depreciation of Machines	700
Room service	60
General charge	90

Additional information:

	Working Hours	Area (sq.ft.)	Book Value (Rs.)
A Machine	10,000	100	12,000
B Machine	25,000	500	20,000

Q.5 Write short notes (any two): (14)

1. Economic Order Quantity model.
2. Variable Cost and Fixed Cost.
3. Direct labour and Indirect labour.
4. Trial and error approach.

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Course	: Diploma in Advance Cost Accounting **(DACA)**	**Numerical Code: 0025**
		Roll No.:____________
Subject	: Various Forms of Costing **(DACA-02)**	**Numerical Code: 0164**
Date	: **20/02/2015**	
Time	: **03.00 to 06.00**	**Total Marks : 70**

Q.1 Write about FIFO method. **(14)**

OR

Write short note on Contract costing.

Q.2 The following figures are extracted from the books of Ravi Ltd. after the close of the year: **(14)**

Raw material opening stock	Rs.14,000
Purchases during the year	1,00,000
Closing inventory	10,000
Direct wages	20,000

Works overhead (50% on direct wages)

Stores overhead on materials 10% on the cost of material , 10% of the casting were rejected being not up to specification & a sum of Rs.800 was realised from sale of scrap;10% of the finished casting were found to be defective in manufacture & were rectified by expenditure of additional works overhead charges to the extent of 20% on the proportionate direct wages. The total gross output of casting during the year was 2,000 tonnes.

Find out the manufacturing cost of the saleable casting per tonne.

OR

From the following data calculate the cost per km of a vehicle for Janab Transport Ltd.

Value of vehicles	Rs.15,000
Road license for the year	500
Insurance charges per year	100
Garage rent per year	600
Driver's wage per month	200
Cost of petrol per litter	0.80
Proportional charge for tyre & maintenance per km	0.20
Estimated life (kms) 1,50,000	
Estimated annual mileage (kms)	6000
Petrol Consumption (kms/litter)	8

Q.3 Ramdev Ltd manufactures product A which yields two by products, B & C. In a period the amount spent up to the point of separation was Rs.20,600. Subsequent expenses were: **(14)**

	A	B	C
Materials	Rs.300	Rs.200	Rs.250
Direct wages	400	300	200
Overhead	300	270	180
	1,000	770	630

Gross sales value of products A, B & C was Rs. 15,000, 10,000 & 5,000 respectively. It was estimated that the net profit as a % of sales in case of products B & C would be 25%, 20% respectively. Ascertain the profit earned on A.

OR

The Dubai Bus Co. Ltd. operates a number of buses in Delhi city. The firm's buses make 200 trips per week with an average distance of 50 kms. Fares are Rs.0.10 per km per passenger & each bus can carry 40 passengers. The firm has the following cost structure.

Driver's pay Rs. 200 per week per driver	Rs. 4000
Conductor's pay Rs.150 per week per conductor	3,000
Other salaries & wages	3,000
Depreciation & maintenance of buses	5,000
Petrol, diesel & variable costs (per bus per km)	1

Determine the firm's weekly income if it operates with its buses on an average 75% utilization.

Q.4 Dadima Ltd. undertook a contract for Rs.5,00,000 on July 1, year 1. On June 30, year 2, when accounts were closed the following details about the contract were gathered: **(14)**

Material purchased	Rs. 1,00,000
Wages paid	45,000
General expenses	10,000
Plant purchased	50,000
Material on hand (June 30, year 2)	25,000
Wages occurred (June 30, year 2)	5,000
Work certified	2,00,000
Cash received	1,50,000
Work uncertified	15,000
Depreciation of plant	5,000

The above contract contained an escalation clause which read as follows:
In the event of prices of material & rates of wages increasing by more than 5 %, the contract price will be increased accordingly by 25% of the rise in the cost of material & wages beyond 5% in each case.
It was found that since the date of signing the agreement, the prices of the materials & wages rates increased by 25%. The value of the work certified does not take into account the effect of the above clause.
Prepare the contract account. Workings should form part of answer.

OR

Write about Process Costing.

Q.5 Write a short note on Operating Costing. **(14)**

OR

Ajitnath Ltd. producing P also produces by product Q which is further processed into a finished product. The joint cost of manufacture is given below: Material, Rs. 5,000; Labour, Rs.3,000 ; and Overhead, Rs.2,000. Subsequent costs are as under:

	P	Q
Material	Rs. 3,000	Rs.1,500
Labour	1,400	1,000
Overheads	600	500
	5,000	3,000

Selling prices are : P Rs. 16,000; Q Rs.8,000
Estimated profits on selling prices are 25% for P & 20% for Q.
Assume that selling & distribution expenses are in proportion of sales price.

1. Show howyou would apportion joint costs of manufacture & prepare a statement showing cost of production of P & Q.

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Course	**:** Diploma in Advanced Cost Accounting **(DACA)**	**Numerical Code: 0025**
		Roll No:___________
Subject	**:** Managerial Cost Accounting **(DACA-03)**	**Numerical Code: 0165**
Date	**: 21/02/2015**	
Time	**: 11.00 to 2.00**	
N.B.	**:** All Questions carry equal Marks	**Total Marks : 70**

Q.1 Explain the meaning of uniform costing and the advantages and disadvantages of uniform costing. **(14)**

OR

Devanshi Ltd. has adopted Integrated Accounting System. Journalise-the following transactions for August 2011 and prepare wages control Account.

	Rs.
Direct wages paid	53,400
Direct wages charged to production	51,600
Indirect wages paid	11,500
Indirect wages allocated	11,500
Wages for repairs	800

Q.2 From the following particulars, Calculate break- even point. **(14)**

Sales Rs.2,00,000

Variable cost Rs.1,20,000

Fixed overhead Rs.30,000

Also Calculate:

a) New B.E.P. if selling price is reduced by 10%
b) New B.E.P. if variable cost increases by 10%
c) New B.E.P. if fixed cost increases by 10%

OR

Describe C.V.P. (Cost volume profit) analysis and How it helps in managerial decision making.

Q.3 Madhuvan Ltd. is considering a contract, which will require among other inputs, 150 k.g. of material M.160 kg. of material M are in stock which were purchased for 1.60 per kg. The replacement price of M is Rs. 1.75 per kg. The material is in stock as a result of a buying error and the company has no other use for it. If not used on this contract. It would be sold for Rs.1.20 per kg. **(14)**

What is the relevant cost of the material to be used in this contract.

OR

Explain the following terms in decision making.

1. Sunk cost
2. Opportunity cost
3. Differential cost
4. Relevant cost

Q.4 What are the advantages and limitation of profit center of responsibility. **(14)**

OR

Define the meaning of budgeting and its essential elements.

Q.5 **Answer the following (Any Two)** **(14)**

1. Operating budget.
2. Investment center of responsibility.
3. Break-even Analysis.
4. Need for inter firm comparision.

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Course	: Diploma in Advanced Cost Accounting **(DACA)**	**Numerical Code: 0025**
		Roll No:_____________
Subject	: Variance Analysis (**DACA-04)**	**Numerical Code: 0166**
Date	**: 21/02/2015**	
Time	: **3.00 to 6.00**	
N.B.	: All Questions carry equal Marks	**Total Marks : 70**

Q.1 Explain the procedure to reconcile budgeted profits with actual profits. **(14)**

OR

Explain the factors to be kept in mind while setting standards.

Q.2 Write a Short note on material variances. **(14)**

OR

Two materials X and Y are used in the production.

Standard Material Mix:	X 200 kg. at Rs.20 per kg.	Rs. 4000
	Y 100 kg. at Rs.10 per kg.	Rs. 1000
	300 kg.	Rs.5000
Actual Material Mix:	X 220 kg. at Rs.22	4840
	Y 80 kg. at Rs. 11	880
	300 kg.	Rs. 5720

Compute Material variances.

Q.3 Write a short note on Labour variances. **(14)**

OR

The data regarding Labour cost of production are as follows.

Actual direct wages paid Rs. 26240
Standard hours 8640
Standard wage rate per hour Rs.3.00
Actual hours 8200

Calculate Labour cost variances.

Q.4 Write short note on Overhead variances. **(14)**

OR

From the following data, calculate fixed overhead expenditure and volume variances.

Fixed Overhead budget	Rs.2,00,000
Budgeted production	1,00,000 units.
Actual production	1,08,000 units
Actual overhead incurred.	Rs. 2,40,000.

Q.5 Write a short note on Sales variances. **(14)**

OR

The budgeted and actual sales of a concern manufacturing and marketing a single product are furnished below.

Budgeted sales: 10,000 units at Rs. 80 per units.
Actual Sales : 15000 units at Rs. 70 per units.

Calculate sales variances.
