

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination July-2016**

**Course** : Diploma in Advance Cost Accounting (DACA)

**Numerical Code: 0025**

**Subject** : Basic of Cost Accounting (DACA-01)

**Roll No.:** \_\_\_\_\_

**Date** : 10/07/2016

**Numerical Code: 0163**

**N.B.** : All questions carry equal Marks.

**Time** : 03.00 to 06.00

**Total Marks : 70**

**Q.1** Explain the classification of Cost into various categories (14)

**OR**

(A) Explain periodic inventory system and perpetual inventory system?

(B) What is trial and error approach and reorder point?

**Q.2** Write detail notes on Differential piece rates schemes. (14)

**OR**

(A) Explain causes of Labour Turnover.

(B) Explain the concept of Economic order quantity.

**Q.3** Explain Absorption of Factory overhead with under-absorption and over-absorption (14)

**OR**

(A) Explain cost allocation of various overheads to different department.

(B) Explain various objectives of cost accounting.

**Q.4** Form the following details of material 'A' and 'B' compute material level for each type: (14)

Normal usage	1,000 units per week each
Minimum usage	900 units per week each
Maximum usage	2,100 units per week each
Ordering quantity	A-8,400 units B-14,000 units
Delivery period	A-6 to 8 weeks B-3 to 5 weeks

Compute – (1) Ordering level (2) Minimum level (3) Maximum level (4) Average stock level

**Q.5** In a company bonus system, bonus hours are credited to the employee in the proportion of time taken which time saved bears to time allowed. Jobs are carried forward from one week to another. No overtime is worked and payment is made in full for all units worked on including those subsequently rejected: (14)

Human resources	Normal	Abnormal
Time allowed for 100 units	4 hours	3 hours
Time taken	50 hours	80 hours
Rejected units	200 units	75 units
Units issued for production	1,600 units	2,500 units
Basic wage rate per hour	Rs. 10	Rs. 8

From the above Information, you are required to Calculate for each human resources:

- (a) the bonus hours and amount of bonus
- (b) the total wage cost
- (c) the wages cost of each good unit produced.

**OR**

From the information given below, calculate machine hour rate(including shop expenses):

Name of equipment	Engine Super Nova
Date of Purchase	1-4-2015
Cost	Rs. 25,000
Power	2200 Mhp.
Estimate life	10 years
Depreciation	15% p.a. on cost
Insurance	Rs. 100 p.a.
Repairs	Rs. 600 p.a.
Rent	Rs. 750 p.a.
Consumable stores	Rs. 300 p.a.
Superintendence – 1/5 <sup>th</sup> for the machine	Rs. 1,300 p.a.

Assume that engine work 200 hours in a month and had actually worked for 80% of the normal working hours.  
Cost of engine oil per hour is Rs. 1.50

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**Course** : Diploma in Advance Cost Accounting (DACA) **Numerical Code: 0025**  
**Subject** : Various Forms of Costing (DACA-02) **Roll No.:** \_\_\_\_\_  
**Date** : 11/07/2016 **Numerical Code: 0164**  
**Time** : 03.00 to 06.00 **Total Marks : 70**

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- Q.1** A Product passes through three distinct processes to completion. Three processes are numbered respectively 1, 2 and 3. During the month of March, 2014 units are produced. The following information is obtained: (14)

	<b>Process-1</b>	<b>Process-2</b>	<b>Process-3</b>
Materials	3,800	1,200	500
Labour	2,000	2,500	1,500
Direct Expenses	8,00	1,000	400

The indirect Expenses for the period are Rs. 1,200, which are apportioned to the process on the basis of wages.

No work-in-progress or process stocks existed at the beginning or end of the month.  
Prepare Process Account.

**OR**

In a factory 5,000 units are introduced into a process at a cost of Rs.1,00,000. The total additional expenditure incurred by the process is Rs. 1,65,000. From the past expenditure, it is calculated that, of the units introduced 20% are normally spoilt in the course of manufacture. These process a scrap value of Rs. 5 per unit.

Prepare Process Account if the output is a follows :

- (A) 4,000 units produced
- (B) 3,500 units produced
- (C) 4,200 units produced

Assume that abnormal wastage possess the same scrap value as the normal wastage.

- Q.2** The following figures relate to three Jobs of a manufacturing business unit: (14)

<b>Particulars</b>	<b>Job-1 Rs.</b>	<b>Job-2 Rs.</b>	<b>Job-3 Rs.</b>
Direct Materials	600	800	1,000
Direct Labour	400	600	700
Direct Expenses	60	80	100

Works overheads is recovered at 50% on Prime Cost & office overhead is recovered at 10% on Works Cost.

Fill out the total cost of each Job.

**OR**

Explain allocation of Joint Costs.

- Q.3** From the following data calculate the cost per km of a vehicle for Bharat Transport Ltd. (14)

Value of Vehicle	Rs. 30,000
Road license for the year	Rs. 1,000

Insurance charges per year	Rs. 200
Garage rent per year	Rs. 1,200
Driver's wages per month	Rs. 400
Cost of petrol per litre	Rs. 1.60
Proportional charge for tyre & maintenance per km	Rs. 0.40
Estimated life (kms)	1,50,000
Estimated annual mileage (kms)	6,000
Petrol consumption (kms/litre)	Rs. 16

**OR**

Discuss the Job Costing.

- Q.4** The following is the summarized record as on 31<sup>st</sup> March, 2012 relating to Contract No. 123 which was complete during the year: **(14)**

Particulars	Amount (Rs.)
Material directly purchased	1,200
Material supplied from stores	500
Direct wages	2,200
Direct Expenses relating to Contract No. 420	300
Architect fees	500
Overhead charges allocated to contract	800
Depreciation on Machinery	200
Material returned to stores	240
Contract price	8,000

From the above information prepare Contract Account

**OR**

Briefly describe Estimated Profit.

- Q.5** Describe the Methods of Accounting for By-Products.

**OR**

Write in detail about Operating Costing.

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**Course** : Diploma in Advanced Cost Accounting (DACA)  
**Subject** : Managerial Cost Accounting (DACA-03)  
**Date** : 12/07/2016  
**Time** : 03.00 to 06.00  
**N.B.** : All Questions carry equal Marks

**Numerical Code: 0025**  
**Numerical Code: 0165**  
**Roll No:** \_\_\_\_\_  
**Total Marks : 70**

**Q.1** Explain what is uniform Costing and what is the need for uniform costing. (14)

**OR**

Journalize the following transactions of karan Ltd and prepare factory overheads Account under a system of integrated accounts.

	Rs.
Factory expenses, paid	17,500
Materials issued for repairs	2,500
Indirect materials issued	1,200
Indirect wages allocated	3,000
Depreciation of factory	3,200
Recovery of factory overheads	24,800
Expenses allocated to work in process	1,500

**Q.2** Explain algebraic method of break-even analysis. (14)

**OR**

A company sells 200 units of product A per month at Rs. 10 per unit. The monthly Fixed expenses are Rs. 400 and its variable cost per unit is Rs. 6.

- (a) From the above information, find out P.V. Ratio.  
(b) There is a proposal to reduce selling price by 10%.  
In that case, what would be the new P.V. Ratio?

**Q.3** Explain relevant cost, differential cost, sunk cost, opportunity cost in decision making. (14)

**OR**

Describe the meaning of responsibility and objectives for creating responsibility centers.

**Q.4** Define the meaning of budgeting and its essential elements. (14)

**OR**

From the following data, prepare Cash Budget for the period from 1<sup>st</sup> July to 31<sup>st</sup> December 2011. When the opening cash balance is expected to be Rs. 50,000

Month	Sales Rs.	Purchase Rs.	Wages Rs.	Other expense Rs.
May	2,00,000	90,000	18,000	12,000
June	1,80,000	95,000	20,000	14,000
July	2,10,000	94,000	19,000	10,000
August	1,70,000	94,000	15,000	13,000
September	1,75,000	85,000	22,000	14,500
October	2,20,000	72,000	18,000	11,000
November	2,12,000	75,000	21,000	9,500
December	2,50,000	65,000	20,000	10,000

Additional information:

1. A machinery of Rs. 60,000 purchased in July will be payable on delivery.
2. Period of credit allowed by the Suppliers is one month and the same credit period is allowed to customers.
3. Wages are paid after two weeks and other expenses are paid after two months.

**Q.5 Write Short Note (Any Two)**

**(14)**

1. Flexible budgets
  2. Inter firm comparison
  3. Break-Even Analysis
  4. Investment Center of responsibility
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**Course** : Diploma in Advanced Cost Accounting (DACA) **Numerical Code: 0025**  
**Subject** : Variance Analysis (DACA-04) **Roll No: \_\_\_\_\_**  
**Date** : 13/07/2016 **Numerical Code: 0166**  
**Time** : 3.00 to 6.00  
**N.B.** : All Questions carry equal Marks **Total Marks: 70**

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**Q.1** State the meaning of standards and factors to be kept in mind while setting standards. (14)

**OR**

State the procedure for disposal of variances.

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

**OR**

Write a short note on sales variances.

**Q.3** From the following data, calculate material variance for Kamal Ltd. (14)

	Standard	Actual
Quantity	200 kg.	240 kg.
Price	Rs. 2 per kg.	Rs. 1.75 per kg.
Total	Rs. 400	Rs. 420

**OR**

The data regarding direct wages of Ashatha Ltd.

Gross direct wages	Rs. 65,000
Standard hours produced	5,400
Standard rate per hour	Rs. 11
Actual hours worked	5,200

Calculate necessary labor variances.

**Q.4** From the following figures of sales calculate sales variance. (14)

Detail	Standard			Actual		
	Quantity (Units)	Price Rs.	Amount Rs.	Quantity (Units)	Price Rs.	Amount Rs.
A.	600	6	3,600	500	7	3,500
B.	200	4	800	400	3	1,200
Total	800		4,400	900		4,700

**OR**

From the following figures calculate fixed Overhead variances.

	Standard	Actual
Hours during a month	2000	1800
Days in each month	25 days	27 days
Monthly fixed overhead	Rs. 1,000	Rs. 1,200
Monthly production	2000 Units	2200 Units

**Q.5** From the following figures Compute labour mix variance.

**(14)**

Standard mix of labour for job is as under.

(This job gets for finished 50 hours).

10 male workers at Rs. 10 per hour.

12 female workers paid at Rs. 8 per hour.

4 child workers paid at Rs. 6 per hour.

But actually 14 male workers 10 female workers and 2 child are employed for this job.

**OR**

Explain the following (1) Calendar Variance  
(2) Capacity Variance.

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