

Dr. Babasaheb Ambedkar Open University
Term End Examination January -2026

Course	: Diploma Course	Date	: 28/02/2026
Subject Code	: DACA-01	Time	: 11:30am to 01:45pm
Subject Name	: Basics of Cost Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

Q-1 Explain the Direct cost and indirect cost? **14**

OR

Write a short note on cost classification on the basis of functions?

Q-2 A wholesaler supplies 30 stuffed dolls each week day to various shops. Dolls are purchased from the manufacturer in lots of 120 each of Rs. 1200 per lot. Every order incurs a handling charge of Rs. 60 plus a freight charge of Rs. 2.50 per lot. Multiple and fractional lots also can be ordered and all orders are filled the next day. The incremental cost is Re. 0.60 per year to store a doll in inventory. The wholesaler finances inventory investment by paying its holding company 3% monthly for borrowed funds. 1) How much dolls should be ordered at a time in order to minimize the total annual inventory cost? Assume that there are 250 week days in a year. How frequently should he order? **14**

OR

A manufacturer uses 300 units of a Component every month and he buys, then entirely from outside supplier. The order placing and receiving costs is Rs.400 and annual carrying cost is Rs.13. From this set of data. Calculate the Economic Order Quantity

Q-3 From the following particulars calculate the Group Bonus payable in this case and amounts that will be paid to each member of the group for Urvish Ltd Standard production in a week 120 units, It is agreed that for every 10% increase in production bonus of 5% of the total wages payable of the week will be paid and the same will be shared, by the group consisting of 4 member in proportion of their total wages of the week. Total production for the week 145 units. Wages earned by the four member of the group (ABC and D) are respectively Rs. 80, Rs. 78, Rs. 72 and Rs. 68. **14**

OR

There were 980 workers in a Yash Ltd. on 1st of April 2000. During the month 60 workers left the factory and some workers were appointed. On 30th April, the number of workers on payroll was 1020. Compute labour turnover rate by separation method. Also, find out the equivalent annual turnover rate for Yash Ltd.

Q-4 Late in 1982, Suraj Ltd. set up a factory overhead absorption rate of 84 per cent of direct labour cost based on the following budget: **14**

Factory overhead costs Rs. 75,600

Direct labours hours 60,000

Labour rate per hour Rs. 1.50

Direct labour cost Rs. 90,000

Early in 1983, the method of operations was changed. The new operations require labour that will be paid Rs. 1.75 per hour; the operating time would be reduced by 20 per cent.

What steps should be taken by the company's cost accountant to meet the situation?

Give the necessary calculations also.

OR

In a manufacturing unit of Swati Ltd., overhead was recovered at a pre-determined rate of Rs. 25 per man-day. The total factoryoverhead expenses incurred and the man-days actually worked were Rs. 41.50 lakhs and 1. 50 lakhs days respectively. Out of the 40,000 units produced during a period, 30,000 were sold. On analysing the reasons, it was found that 60% of the unabsorbed overheads were due to defective planning and the rest were attributable to increase in overhead costs. How would unabsorbed overheads be treated in cost account ?

Q-5 Write Short Notes (Any two)

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1. The concept of controllable and uncontrollable cost?
2. The ABC method of inventory handling?
3. The Rowan plan for wage incentives?
4. The Charging Cost of service Department
5. Objectives of Cost Accounting
