

**BACHELOR'S DEGREE PROGRAMME**

**Term-End Examination**

**December, 2007**

**ELECTIVE COURSE : COMMERCE**

**ECO-10 : ELEMENTS OF COSTING**

Time : 2 hours

Maximum Marks : 50

(Weightage 70%)

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**Note :** Attempt any **two** questions from Section A and  
any **two** questions from Section B.

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**SECTION A**

1. (a) What are the causes for Labour Turnover ?  
(b) Describe the functional classification of overheads. 5, 5
2. Discuss the centralised purchasing of materials. State its advantages and disadvantages. 2, 4, 4
3. Write notes on any **two** of the following : 5, 5
  - (a) Process costing
  - (b) Perpetual Inventory system
  - (c) Time Wage system
  - (d) Purchase Order for the supply of stores

**SECTION B**

4. (a) Prepare a Stores Ledger Account from the following details using Weighted Average Method of pricing the issue of materials :

September, 2006

- 1 Balance 1600 units @ Rs. 2.00 per unit
- 6 Purchased 3000 units @ Rs. 2.20 per unit
- 10 Issued 1200 units
- 15 Issued 900 units
- 18 Purchased 3600 units @ Rs. 2.40 per unit
- 21 Issued 1800 units
- 24 Purchased 2500 units @ Rs. 2.50 per unit
- 26 Issued 2800 units

- (b) Distinguish between LIFO and FIFO methods of pricing issue of materials. 9, 6

5. (a) Estimated annual overheads in department X and Y were Rs. 3,400 and Rs. 6,800 respectively. The estimated machine hours in both the departments were 10,000. Actual machine hours worked in both the departments were 9,500 and actual overheads incurred were :

X Department Rs. 4,000

Y Department Rs. 5,000

Find out the total under-absorption or over-absorption of both the departments based on pre-determined rates.