

Full Marks: 70

Time: 3 hours

Answer SIX questions including Q No. 1 which is compulsory.

The figures in the right hand margin indicate marks. *Symbols carry usual meaning.*

Q1. Answer all questions.

[2×10]

- a) Explain the meaning of simple interest with an example.
- b) What do you mean by standard costing?
- c) What is sinking fund?
- d) What do you mean by fixed cost?
- e) What do you understand by compound interest?
- f) Make distinction between cost control and cost reduction (any two)
- g) What do you mean by break – even analysis?
- h) Give the misconceptions of IRR.
- i) Define a cost sheet.
- j) What is meant by sensitivity analysis?

Q2. What is meant by cost benefit analysis? Discuss the advantages and disadvantages or limitation of cost benefit analysis.

[10]

Q3. a) Write a short note on payback period ?

[5]

b) Differentiate between fixed costs and variable costs.

[5]

Q4. a) Explain and illustrate the various elements of cost.

[5]

b) What is the principal amount if the principal plus interest at the end of 5 years is Rs. 14,000 for a simple interest of 10% per annum ?

[5]

Q5. a) What is process costing?

[5]

b) Calculate -

[5]

i) PIV ratio

ii) Profit when sales are Rs. 20,000 from the following data :

Fixed costs : Rs. 4,000

Break even point : Rs. 10,000

Q6. a) Ascertain the cost and selling price

[5]

Materials consumed : Rs. 10,000

Wages : Rs. 8,000

Works on cost 25% of wages

office on cost 20% on works

cost selling on cost 10% on works

cost profit 10% on sales ?

b) Write a note on straight line method of depreciation with example.

[5]

Q7. a) Describe the merits of NPW and IRR methods.

[5]

b) Write a note on after tax economic comparison.

[5]

Q8. a) State the basic steps involved in understanding a system of cost control.

[5]

b) Differentiate between relevant costs and irrelevant costs.

[5]