(GI-10, GI-11, VI-2(A) & AI-2(A), DI-1+2 & Drive)
DATE: 18.03.2023   **MAXIMUM MARKS: 100**   **TIMING: 3¼ Hours**

COST AND MANAGEMENT ACCOUNTING

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate who has not opted for Hindi Medium. His/her answer in Hindi will not be valued.

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then all answers shall be valued and best four will be considered.

Wherever necessary, suitable assumptions may be made and disclosed by way of note.

SECTION – A
PART – I – MULTIPLE CHOICE QUESTIONS

TOTAL MARKS: 30 MARKS

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given, All questions are compulsory.

1. Ans. b
2. Ans. d
3. Ans. a
4. Ans. a
5. Ans. c
6. Ans. c
7. Ans. d
8. Ans. b
9. Ans. b
10. Ans. b
11. Ans. c
12. Ans. d
13. Ans. a
14. Ans. d
15. Ans. c
16. Ans. c
17. Ans. b
18. Ans. d
19. Ans. d
20. Ans. c
21. Ans. d
22. Ans. c
23. Ans. b
24. Ans. d
25. Ans. d
26. Ans. d
27. Ans. c
28. Ans. a
29. Ans. b
30. Ans. c

(30 MCQ x 1 M Each = 30 Marks)

SECTION – B
PART – II - DESCRIPTIVE QUESTIONS
QUESTIONS NO. 1 IS COMPULSORY
ATTEMPT ANY FOUR QUESTIONS THE REMAINING FIVE QUESTIONS

TOTAL MARKS: 70 MARKS

Answer 1:

(a) **(i)** **Calculation of Economic Order Quantity**

Annual requirement (A) = 7500×12= 90,000 Valves
Cost per order (O) = Rs. 15
Inventory carrying cost (i) = 20%
Cost per unit of spare (c) = Rs. 1.5
Carrying cost per unit (i × c)= Rs. 1.5 × 20% = Rs. 0.30

Economic Order Quantity (EOQ) $= \sqrt{\dfrac{2 \times A \times O}{i \times c}}$

$= \sqrt{\dfrac{2 \times 90,000 \times 15}{0.3}}$ = 3,000 Valves }**{1 M}**

Frequency of order or Number of Orders = 90,000/3,000 = 30 orders.
So Order can be placed in every 12 (360 days/30) days
Carrying cost is 20% of Rs. 4.50 = Rs. 0.90 }**{1/2 M}**

(ii) Re-order Quantity = {Maximum Consumption X Maximum lead time} + safety Stock
= {7500 X 1.5} + 3200 = 14,450 Valves }**{1/2 M}**

(iii) Calculation of Economic Order Quantity if valve costs Rs. 4.50
Carrying cost is 20% of Rs. 4.50 = Rs. 0.90

Economic Order Quantity (EOQ) $= \sqrt{\dfrac{2 \times A \times O}{i \times c}}$

$= \sqrt{\dfrac{2 \times 90,000 \times 15}{0.9}}$

= 1732.0508 units or 1733 Valves }**{1 M}**

Answer:

(b) **(i) & (ii) Calculation of Sales value and Selling price per unit of Monkey Pox vaccine**

Particulars	Amount (Rs.) per Batch	Amount (Rs.) for 1600 units or 20 batches	Amount (Rs.) per unit	
Direct materials	4,250	85,000	53.125	}{1/2 M}
Direct wages	500	10,000	6.250	}{1/2 M}
Lab set-up cost	1,400	28,000	17.500	}{1/2 M}
Production overheads (20% of direct wages)	100	2,000	1.250	}{1/2 M}
Production Cost	6,250	1,25,000	78.125	}{1/2 M}
Selling, distribution and administration cost (20% of Production cost)	1,250	25,000	15.625	}{1/2 M}
Total Cost	7,500	1,50,000	93.75	
Add: Profit (1/3rd of Total cost or 25% of Sales value)	2,500	50,000	31.25	
Sales value	10,000 {1/2 M}{	2,00,000	125.00	}{1/2 M}

Answer:
(c) (i)   **Calculation of BEP in value**

$$P/V \, ratio = \frac{Sales\,price - Variable\,Cost}{Sales} = \frac{300 - 180}{300} = 40\% \quad \}\{1/2\ M\}$$

$$Break\,Even\,Point\,in\,Value\,(₹) = \frac{Fixed\,Cost}{P/V\,ratio} = \frac{16,80,000}{40\%} = ₹\,42,00,000 \quad \}\{1/2\ M\}$$

$$Break\,Even\,Point\,in\,Units = \frac{Fixed\,Cost}{Contribution} = \frac{16,80,000}{120} = 14,000\,Units \quad \}\{1/2\ M\}$$

(Alternatively, $\dfrac{₹\,42,00,000}{300} = 14000$ units)

(ii)   **Margin of safety** (In Amount) $= \dfrac{Profit}{P/V\,ratio} = \dfrac{7,20,000}{40\%} = ₹\,18,00,000 \quad \}\{1/4\ M\}$

Margin of safety may also be calculated by deducting BEP sales from present sale. Present sale is ₹ 60,00,000 i.e. (16,80,000 + 7,20,000)/40%.

Margin of safety (In units) $= \dfrac{Profit}{Contribution\,per\,unit} = \dfrac{7,20,000}{120} = 6,000\,units \quad \}\{1/4\ M\}$

(iii) Profit when sales are 24,000 units

Particular	(Rs.)
Contribution (24,000 x 120)	28,80,000
Less: Fixed cost	16,80,000
Profit	12,00,000

}{1/2 M}

(iv)   **Sales in value to earn a net profit of Rs. 10,00,000**

$$\frac{Fixed\,Cost + Desired\,profit}{P/V\,Ratio} = \frac{16,80,000 + 10,00,000}{40\%} = ₹\,67,00,000 \quad \}\{1/2\ M\}$$

Answer:
(d)

Particulars	Vehicle loan Applications (Rs.)	Education loan Application (Rs.)	Total (Rs.)
Employee Cost	2,00,000 (Rs. 50,000 × 4)	1,40,000 (Rs. 70,000 × 2)	3,40,000
Apportionment of Branch manager's salary	27,000	27,000	54,000
Legal charges, Printing & stationery and Advertising expenses	18,000	18,000	36,000
Other expenses	3,000	3,000	6,000
Total cost	{1 M}{ 2,48,000	1,88,000	4,36,000

(i)   **Computation of cost of processing a vehicle loan application:**
Total Cost ÷ No. of applications
Rs. 2,48,000 ÷ 496 = Rs. 500 }{1 M}

(ii) **Computation of no. of Education loan Processed**
Total Cost = No. of applications × Processing cost per application }{1 M}
Rs. 1,88,000 = No. of applications × Rs. 500

No. of education loan applications = Rs. 1,88,000 ÷ Rs. 500 = 376 }**{1 M}**
applications

Answer 2:
(a) (a) **Calculation of Raw Material inputs during the month:**

Quantities Entering Process	Litres	Quantities Leaving Process	Litres
Opening WIP	800	Transfer to Finished Goods	4,200
Raw material input (balancing figure)	**5,360**	Process Losses	1,800
		Closing WIP	160
	6,160		**6,160**

(1/2 M Bold)

(b) **Calculation of Normal Loss and Abnormal Loss/Gain**

	Litres
Total process losses for month	**1,800**
Normal Loss (10% input)	**536**
Abnormal Loss (balancing figure)	**1,264**

(1/4 M each Bold)

(c) **Calculation of values of Raw Material, Labour and Overheads added to the process:**

	Material	Labour	Overheads
Cost per equivalent unit	Rs. 23.00	Rs. 7.00	Rs. 9.00
Equivalent units (litre) (refer the working note)	4,824	4,952	5,016
Cost of equivalent units	Rs. 1,10,952	Rs. 34,664	Rs. 45,144
Add: Scrap value of normal loss (536 units × Rs. 15)	Rs. 8,040	--	--
Total value added	**Rs. 1,18,992**	**Rs. 34,664**	**Rs. 45,144**

(1/4 M each Bold)

Workings:
Statement of Equivalent Units (litre):

Input Details	Units	Output details	Units	Equivalent Production					
				Material		Labour		Overheads	
				Units	(%)	Units	(%)	Units	(%)
Opening WIP	800	Units completed:							
Units introduced	5,360	- Opening WIP	800	--	--	240	30	320	40
		- Fresh inputs	3,400	3,400	100	3,400	100	3,400	100
		- Normal loss	536	--	--	--	--	--	--
		- Abnormal loss	1,264	1,264	100	1,264	100	1,264	100
		- Closing WIP	160	160	100	48	30	32	20
	6,160		6,160	4,824		4,952		5,016	

(1/4 M each Bold)

(d) **Process Account for Month**

	Litres	Amount (Rs.)		Litres	Amount (Rs.)
To Opening WIP	800	26,640	By Finished goods	4,200	1,63,800
To Raw Materials	5,360	1,18,992	By Normal loss	536	8,040
To Wages	--	34,664	By Abnormal loss	1,264	49,296
To Overheads	--	45,144	By Closing WIP	160	4,304
	6,160	**2,25,440**		**6,160**	**2,25,440**

(1/4 M each Bold)

Answer:
(b)

(i)	Material Cost Variance (A + B)	$= \{(SQ \times SP) - (AQ \times AP)\}$
	Rs. 3,625	$= (SQ \times SP) - $ Rs. 59,825
	$(SQ \times SP)$	= Rs. 63,450
	$(SQ_A \times SP_A) + (SQ_B \times SP_B)$	= Rs. 63,450
	$(940 \text{ kg} \times SP_A) + (705 \text{ kg} \times Rs.30)$	= Rs. 63,450
	$(940 \text{ kg} \times SP_A) + Rs.21,150$	= Rs. 63,450
	$(940 \text{ kg} \times SP_A)$	= Rs. 42,300
	SP_A	$= \underline{\dfrac{Rs. 42,300}{940 \text{ kg}}}$

Standard Price of Material-A   = Rs. 45 }(2 M Bold)

Working Note:
SQ i.e. quantity of inputs to be used to produce actual output

$$= \frac{1,480 \text{kg}}{90\%} = 1,645 \text{ kg}$$

SQ_A
$$= \frac{800 \text{kg}}{(800 + 600)} \times 1,645 \text{kg.} = 940 \text{ kg}$$

SQ_B
$$= \frac{600 \text{kg}}{(800 + 600)} \times 1,645 \text{kg.} = 705 \text{ kg}$$

(ii)	Material Price Variance (A + B)	$= \{(AQ \times SP) - (AQ \times AP)\}$
	Rs. 175	$= (AQ \times SP) - $ Rs. 59,825
	$(AQ \times SP)$	= Rs. 60,000
	$(AQ_A \times SP_A) + (AQ_B \times SP_B)$	= Rs. 60,000
	$(900 \text{ kg} \times Rs. 45 \text{ (from (i) above))}$	
	$+ (AQ_B \times Rs. 30)$	= Rs. 60,000
	Rs. 40,500 + $(AQ_B \times Rs. 30)$	= Rs. 60,000
	$(AQ_B \times Rs. 30)$	= Rs. 19,500
	$SP_A = \underline{\dfrac{Rs. 19,500}{650 \text{ kg}}}$	

Actual Quantity of Material B   = 650 kg. } (1 M Bold)

(iii)	$(AQ \times AP)$	= Rs. 59,825
	$(AQ_A \times AP_A) + (AQ_B \times AP_B)$	= Rs. 59,825
	$(900 \text{ kg} \times AP_A) + (650 \text{ kg (from (ii)}$	
	above$) \times Rs. 32.5)$	= Rs. 59,825
	$(900 \text{ kg} \times AP_A) + Rs. 21,125$	= Rs. 59,825
	$(900 \text{ kg} \times AP_A)$	= Rs. 38,700
	$AP_A = \dfrac{38,7000}{900} = 43$	

Actual Price of Material-A   = Rs. 43 } (1 M Bold)

(iv)   Total Actual Quantity of Material-A and Material-B
     $= AQ_A + AQ_B$ = 900 kg + 650 kg (from (ii) above)
                               = 1,550 kg

Now,

$$\text{Revised SQ}_A = \frac{800\text{kg}}{(800+600)} \times 1,550\text{kg.} = \textbf{886 kg}$$

$$\text{Revised SQ}_B = \frac{600\text{kg}}{(800+600)} \times 1,550\text{kg.} = \textbf{664 kg}$$

(1 M Each Bold)

(v)   Material Mix Variance (A + B) = {(RSQ × SP) – (AQ × SP)}
        = {(RSQ$_A$ × SP$_A$) + (RSQ$_B$ × SP$_B$) – 60,000}
        = (886 kg (from (iv) above) × Rs. 45 (from (i) above))
        + (664 kg (from (iv) above) × Rs. 30) - Rs. 60,000
        = (39,870 + 19,920) – 60,000 = **Rs. 210 (A) } (1 M Bold)**

Answer 3:
(a)   (i)   Calculation of total cost for 'Professionals Protection Plus' policy

	Particulars	Amount (Rs.)	Amount (Rs.)
1.	Marketing and Sales support:		
	- Policy development cost	**11,25,000**	
	- Cost of marketing	**45,20,000**	
	- Sales support expenses	**11,45,000**	**67,90,000**
2.	Operations:		
	- Policy issuance cost	**10,05,900**	
	- Policy servicing cost	**35,20,700**	
	- Claims management cost	**1,25,600**	**46,52,200**
3.	IT Cost		**74,32,000**
4.	Support functions		
	- Postage and logistics	**10,25,000**	
	- Facilities cost	**15,24,000**	
	- Employees cost	**5,60,000**	
	- Office administration cost	**16,20,400**	**47,29,400**
	Total Cost		2,36,03,600

(Each Bold 1/4 M)

(ii)   Calculation of cost per policy = $\dfrac{\text{Total cost}}{\text{No. of policies}} = \dfrac{\text{Rs. } 2,36,03,60\ 0}{528}$

= **Rs. 44,703.79 }{1.5 M}**

(iii) Cost per rupee of insured value = $\dfrac{\text{Total cost}}{\text{Total insured value}} = \dfrac{\text{Rs. } 2.36 \text{ crore}}{\text{Rs. } 1,320 \text{ crore}}$

= **Rs. .001787 }{2 M}**

Answer:
(b)   (i)   Calculation of Factory overhead rate.
        If the single brand production was in operation, then
        1 unit of Luxury = 3 units of Herbal = 6 units of Beauty. Therefore, the
        factory overhead ratio in the reverse order would be 5,000:15,000:30,000
        or 1:3:6.
        The overhead rate will be lowest in case of brand which will be produced
        in high number. Therefore, in case of Beauty soap brand, the overhead rate
        will be:

$$= \frac{80,000}{6 \times 6,750 + 3 \times 14,000 + 1 \times 77,500}$$

$$= \frac{80,000}{40,500 + 42,000 + 77,500}$$

$$= \frac{80,000}{1,60,000} = 0.5 \quad \}\{1^{1/2} \textbf{ M}\}$$

So, the overhead rate will be:
Luxury = 0.5 x 6 = **Rs. 3** }{1/2 M}
Herbal = 0.5 x 3 = **Rs. 1.5** }{1/2 M}
Beauty = 0.5 x 1 = **Rs. 0.5** }{1/2 M}

(ii) Statement of Cost of Vine Soap Pvt. Ltd. for the month of June 2021:

	Luxury (Rs.)	Herbal (Rs.)	Beauty (Rs.)	Total (Rs.)
Raw material consumed	20,000	47,000	2,40,000	3,07,000
Add: Wages paid	7,500	18,750	1,15,000	1,41,250
Prime cost	**27,500**	**65,750**	**3,55,000**	**4,48,250**
Add: Factory overheads	20,250	21,000	38,750	80,000
	(Rs. 3 x 6,750)	(Rs. 1.5 x 14,000)	(Rs. 0.5 x 77,500)	
Works cost	**47,750**	**86,750**	**3,93,750**	**5,28,250**
Add: General & administration overheads (1:1:1)	16,000	16,000	16,000	48,000
Add: Selling expenses	9,550	17,350	78,750	1,05,650
	(Rs. 47,750 x 0.20)	(Rs .86,750 x 0.20)	(Rs. 3,93,750 x 0.20)	
Cost of sales	**73,300**	**1,20,100**	**4,88,500**	**6,81,900**
Profit (Balancing figure)	95,450	89,900	1,31,500	3,16,850
Sales	**1,68,750**	**2,10,000**	**6,20,000**	**9,98,750**
	(Rs. 25 x 6,750)	(Rs. 15 x 14,000)	(Rs. 8 x 77,500)	

(Each Bold = 1/4 M)

Answer 4:
(a) No. of bags manufactured = 1,000 units

Cost sheet for the month of September 2021

	Particulars	Total Cost (Rs.)	Cost per unit (Rs.)	
1.	Direct materials consumed:			
	- Leather sheets	**3,20,000**	**320.00**	
	- Cotton cloths	**15,000**	**15.00**	
	Add: Freight paid on purchase	**8,500**	**8.50**	
	(i) Cost of material consumed	**3,43,500**	**343.50**	{9 Line x
2.	Direct wages (Rs. 80 × 2,000 hours)	**1,60,000**	**160.00**	1/4 M =
3.	Direct expenses (Rs. 10 × 2,000 hours)	**20,000**	**20.00**	2.25 M}
4.	(ii) Prime Cost	**5,23,500**	**523.50**	
5.	Factory Overheads: Depreciation on machines {(Rs. 22,00,000 × 90%) ÷ 120 months}	**16,500**	**16.50**	
	Apportioned cost of factory rent	**98,000**	**98.00**	
6.	(iii) Works/ Factory Cost	**6,38,000**	**638.00**	}{1/2 M}
7.	Less: Realisable value of cuttings	**(5,250)**	**(5.25)**	}{1/2 M}

	(Rs. 150×35 kg.)			
8.	(iv) Cost of Production	**6,32,750**	**632.75**	}{1/4 M}
9.	Add: Opening stock of bags	0		
10.	Less: Closing stock of bags (100 bags × Rs. 632.75)	**(63,275)**		}{1/4 M}
11.	(v) Cost of Goods Sold	**5,69,475**	**632.75**	}{1/4 M}
12.	Add: Administrative Overheads:			
	- Staff salary	**45,000**	**50.00**	
	- Apportioned rent for administrative office	**12,000**	**13.33**	{5 Line x 1/4 M = 1.25 M}
13.	Add: Selling and Distribution Overheads			
	- Staff salary	**72,000**	**80.00**	
	- Apportioned rent for sales office	**10,000**	**11.11**	
	- Freight paid on delivery of bags	**18,000**	**20.00**	
14.	(vi) Cost of Sales {1/2 M}{	**7,26,475**	**807.19**	}{1/4 M}

Apportionment of Factory rent:

To factory building {(Rs. 1,20,000 ÷ 2400 sq. feet) × 1,960 sq. feet} = Rs. 98,000   }{1/2 M}

To administrative office {(Rs. 1,20,000 ÷ 2400 sq. feet) × 240 sq. feet} = Rs. 12,000   }{1/2 M}

To sale office {(Rs. 1,20,000 ÷ 2400 sq. feet) × 200 sq. feet} = Rs. 10,000   }{1/2 M}

Answer:

(b)   Variable Cost per Unit=Rs. 16

Fixed Cost per Unit =Rs. 4, Total Fixed Cost= 2,00,000 units x Rs. 4 = **Rs. 8,00,000** }{1 M}

Total Cost per Unit =Rs. 20

Selling Price per Unit=Total Cost+ Profit =Rs. 20 + Rs. 4 =Rs. 24

Contribution per Unit=Rs. 24-Rs. 16= **Rs. 8** }{1 M}

(i)   Present Break-even Sales (Quantity) = $\dfrac{\text{Fixed cost}}{\text{Contribution margin per unit}} = \dfrac{Rs.\ 8,00,000}{Rs.\ 8}$

= 1,00,000 units   }{2 M}

Present Break-even Sales (Rs.) = 1,00,000 units x Rs. 24 = Rs. 24,00,000

(ii)   Present P/V Ratio = $\dfrac{8}{24} \times 100 = 33.33\%$ }{1 M}

(iii)   Revised Selling Price per unit = Rs. 24 - 10% of Rs. 24 = Rs. 21.60

Revised Contribution per unit = Rs. 21.60 - Rs. 16 = Rs. 5.60

Revised P/V Ratio = $\dfrac{5.60}{21.60} \times 100 = 25.926\%$

Revised Break-even point (Rs.) = $\dfrac{\text{Fixed cost}}{\text{P/V ratio}} = \dfrac{8,00,000}{25.926\%} = Rs.\ 30,85,705$ }{1 M}

Or

Revised Break-even point (units) = $\dfrac{\text{Fixed cost}}{\text{Contribution margin per unit}} = \dfrac{8,00,000}{5.60} = 1,42,857\ units$

Revised Break-even point (Rs.) = 1,42,857 units x Rs. 21.60 = Rs. 30,85,711

(iv)   Present profit =Rs. 8,00,000

Desired Profit = 120% of Rs. 8,00,000 =Rs. 9,60,000

Sales to earn a profit of Rs. 9,60,000

Total contribution required = 8.00.000 + 9,60,000 = Rs. 17,60,000

$\dfrac{\text{Fixed cost}}{\text{Contribution margin per unit}} = \dfrac{8,00,000\ +\ 9,60,000}{5.60} = 3,14,286\ units$ }{1 M}

Revised sales (in Rs.)= 3,14,286 units x Rs. 21.60 = Rs. 67,88,578

Answer 5:
(a)   Journal Entries under integrated system of accounting

	Particulars		(Rs.)	(Rs.)	
(i)	Work-in-Progress Ledger Control A/c	Dr.	3,25,000		
	Factory Overhead Control A/c	Dr.	1,15,000		
	To Stores Ledger Control A/c			4,40,000	**(2 M)**
	(Being issue of Direct and Indirect materials)				
(ii)	Work-in-Progress Ledger Control A/c	Dr.	4,87,500		
	Factory Overhead Control A/c	Dr.	1,62,500		
	To Wages Control A/c			6,50,000	**(1 M)**
	(Being allocation of Direct and Indirect wages)				
(iii)	Factory Overhead Control A/c	Dr.	2,50,000		
	To Costing Profit & Loss A/c			2,50,000	**(1 M)**
	(Being transfer of over absorption of Factory overhead)				
	Costing Profit & Loss A/c	Dr.	1,75,000		
	To Administration Overhead Control A/c			1,75,000	**(1 M)**
	(Being transfer of under absorption of Administration overhead)				
(iv)	Sundry Creditors A/c	Dr.	1,50,000		
	To Cash/Bank A/c			1,50,000	**(1 M)**
	(Being payment made to creditors)				
(v)	Cash/Bank A/c	Dr.	2,00,000		
	To Sundry Debtors A/c			2,00,000	**(1 M)**
	(Being payment received from debtors)				

Answer:
(b)   (i)   Statement showing allocation of Joint Cost

Particulars	B1	B2
No. of units Produced	**1,800**	**3,000**
Selling Price Per unit (Rs.)	**40**	**30**
Sales Value (Rs.)	**72,000**	**90,000**
Less: Estimated Profit (B1 -20% & B2 -30%)	(14,400)	(27,000)
Cost of Sales	**57,600**	**63,000**
Less: Estimated Selling Expenses (B1 -15% & B2 -15%)	(10,800)	(13,500)
Cost of Production	**46,800**	**49,500**
Less: Cost after separation	(35,000)	(24,000)
Joint Cost allocated	**11,800**	**25,500**

(1/4 M Each Bold)

(ii)   **Statement of Profitability**

Particulars		M1 (Rs.)	B1 (Rs.)	B2 (Rs.)
Sales Value	(A)	4,00,000 (4,000 × Rs.100)	**72,000**	**90,000**
Less:- Joint Cost		1,75,100 (2,12,400 -11,800 - 25,500)	**11,800**	**25,500**
- Cost after separation		-	**35,000**	**24,000**
- Selling Expenses (M1- 20%, B1-15% & B2-15%)		80,000	**10,800**	**13,500**
	(B)	2,55,100	**57,600**	**63,000**
Profit	(A –B)	1,44,900	**14,400**	**27,000**

(1/4 M Each Bold)

Overall Profit = Rs. 1,44,900 + Rs. 14,400 + Rs. 27,000 = **Rs. 1,86,300**

(1 M Underline Bold)

Answer 6:
(a)

Business functions	Cost Driver	
Research and Development	• Number of research projects • Personnel hours on a project • Technical complexities of the project	{1 M}
Design of products, services and procedures	• Number of products in design • Number of parts per product • Number of engineering hours	{1 M}
Customer Service	• Number of service calls • Number of products serviced • Hours spent on servicing products	{1 M}
Marketing	• Number of advertisements • Number of sales personnel • Sales revenue	{1 M}
Distribution	• Number of units distributed • Number of customers • Weight of items distributed	{1 M}

Answer:
(b) **Just in Time (JIT) Inventory Management is also known as 'Demand pull' or 'Pull through' system of production.** In this system, production process actually starts after the order for the products is received. Based on the demand, production process starts and the requirement for raw materials is sent to the purchase department for purchase.

It is a system of inventory management with an approach to have a zero inventories in stores. According to this approach material should only be purchased when it is actually required for production.

JIT is based on two principles
(i) Produce goods only when it is required and
(ii) the products should be delivered to customers at the time only when they want.

{4 M}

Answer:
(c)

S. No.	Items	Accounts	
(i)	Preliminary expenses written off during the year	Financial Accounts	
(ii)	Interest received on bank deposits	Financial Accounts	
(iii)	Dividend, interest received on investments	Financial Accounts	
(iv)	Salary for the proprietor at notional figure though not incurred	Cost Accounts	
(v)	Charges in lieu of rent where premises are owned	Cost Accounts	{1/2 M Each Point}
(vi)	Rent receivables	Financial Accounts	
(vii)	Loss on the sales of Fixed Assets	Financial Accounts	
(viii)	Interest on capital at notional figure though not incurred	Cost Accounts	
(ix)	Goodwill written off	Financial Accounts	
(x)	Notional Depreciation on the assets fully depreciated for which book value is nil	Cost Accounts	

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