2024

COST ACCOUNTING - I — MDC

Paper : MDC-2

Full Marks : 75

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Group - A

Answer ***any three*** questions.

1. State the objectives of cost accounting. 5

2. State the cost unit used in the following industries : 5

(i) Transport

(ii) Power

(iii) Hospital

(iv) Sugar

(v) Cement.

3. A firm requires 16000 units of Product-A in a year. Cost price of Product-A is ₹ 60 per unit. The cost of placing an order and following it up is ₹ 120 and the annual storage charges works out to be 10% of the cost of the component. Calculate Economic Order Quantity (EOQ). 5

4. Distinguish between Time Keeping and Time Booking. 5

5. Units produced and overheads incurred during two periods were as follows :

Month	Units	Overheads
June	40,000	₹ 1,20,000
July	44,000	₹ 1,26,000

From the above information, you are required to calculate :

(a) Total Fixed Overhead.

(b) Variable Overhead per unit. 2+3

Group - B

Answer ***any three*** questions.

6. The following are the receipts and issues from stores of Material-P in a manufacturing concern :

2023

July

1	Opening stock 100 units at ₹ 10 per unit.
2	Issued 25 units to Department A.
7	Received 425 units at ₹ 11 per unit.
10	Issued 200 units to Department B.
12	Returned to stores 10 units from Department A.
15	Returned to vendor 20 units out of the quantity received on 7th.
17	Received 110 units at ₹ 12.50 per unit.
25	Received 100 units at ₹ 10 per unit.
29	Issued 200 units to Department B.
30	Received 100 units at ₹ 11 per unit.

Enter the above transactions in the Stores Ledger Account of Material-P, using FIFO method. 10

7. A worker takes 80 hours to do a job for which the time allowed is 100 hours. His daily rate is ₹ 25.00 per hour. Calculate the works cost of the job under the following methods of payment of wages : 5+5

(a) Halsey plan (50%)

(b) Rowan plan.

Additional information :

Material cost ₹ 1200;

Factory overhead 125% of wages.

8. (a) Define Normal Idle Time. Explain with examples.

(b) Define and illustrate Abnormal Idle Time. 5+5

9. (a) What do you mean by over and under-absorption of overhead?

(b) Discuss the treatment of over and under-absorption of overhead in Cost Accounts. 6+4

10. A company has two production departments and one service department. It furnishes the following particulars :

	₹
Power	10,000
Lighting	8,000
Rent & Rates	40,000
Indirect Wages	20,000
Sundries	50,000
Depreciation on Machinery	60,000

The other particulars are given here under :

	Production Dept.-I	**Production Dept.-II**	**Service Dept.**
Working Hours	4000	3500	3600
Direct Wages (₹)	30,000	26,000	30,000
Cost of Machinery (₹)	2,50,000	2,00,000	1,50,000
Horse Power of Machinery	50	30	10
Light Points (Nos.)	36	24	20
Floor Space (sq. metre)	1000	1200	800

The expenses of the service departments are to be allocated between production departments I and II in the ratio of 3 : 2.

Apportion the costs to the various departments on the most suitable basis and determine the total overhead of each production department. 10

Group - C

Answer ***any two*** questions.

11. The following are the particulars of 3 machines used in a factory for a six-week period with 160 working hours :

	Machine-I	**Machine-II**	**Machine-III**
Cost of machine (₹)	1,00,000	1,50,000	2,00,000
Number of workers	20	50	100
Direct Wages (₹)	3,000	8,000	12,000
Power (₹)	450	800	1,500
Light Points	20	40	60
Area Occupied (sq. metres)	100	250	400

The expenses incurred during the period were as follows :

Power	₹ 2,750
Lighting	₹ 480
Rent and Rates	₹ 4,500
Depreciation	₹ 13,500
Repairs	₹ 18,000
Indirect wages	₹ 4,600
Canteen expenses	₹ 510
Sundries	₹ 3,000

Compute the machine-hour rate for each machine. 15

12. From the following information given by personnel department of a Company, calculate labour turnover rate by applying 5+5+5

(i) Separation method

(ii) Replacement Method

(iii) Flux Method.

Number of workers on pay-roll :

At the beginning of the month	1800
At the end of the month	2200

During the month, 20 workers left the job on their own and 80 workers were discharged from duty. During the same month 300 workers were employed including 250 workers employed for an expansion scheme.

13. From the cost ledger of T.K. Sons & Co., the following information was obtained for the year 2023 :

	₹
Opening Stock of Raw Materials	2,00,000
Closing Stock of Raw Materials	3,00,000
Raw Materials purchased during the year	19,00,000
Factory Wages	12,00,000
Rates and taxes for factory premises	28,000
Lighting of the factory	52,000
Depreciation on plant	70,000
Staff salaries	2,40,000
Management salaries	1,20,000
Power	90,000
Indirect wages	2,45,000
Repairs and maintenance of plant	2,00,000
Cost of rectification of defective work	32,000
Consumable stores	1,50,000
Selling expenses	1,46,600
General expenses	92,000

Production was 100000 units. The net selling price was ₹ 47.00 per unit. All the units were sold. Prepare a statement showing

(a) Prime cost

(b) Works cost

(c) Cost of sales

(d) Profit for the year 2023. 15