2025

COST ACCOUNTING - I — HONOURS

Paper : DSCC-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. How total variable cost and per unit fixed cost will change with the change in the number of units produced? Illustrate with examples. 5

2. What do you mean by Direct Cost and Indirect Cost? Give examples of each. 5

3. The total production cost of an article of H Ltd. for making 12,000 units is ₹ 70,000 and the total production cost for making 30,000 units is ₹ 1,38,000. Once production exceeds 20,000 units additional fixed cost of ₹ 14,000 are incurred. What will be the total production cost for making 24,000 units? 5

4. State the method of costing that would be most suitable for the following industries :
   (a) Textile production
   (b) Transport
   (c) Toy making
   (d) Oil refinery
   (e) Sugar. 5

5. What do you mean by idle time? How do you treat idle time wages in Cost Accounting? 2+3

Group - B

Answer ***any three*** questions.

6. Y Ltd. presently purchases its annual requirement of materials of 72,000 units in six instalments. Each unit costs ₹ 1.00 and the ordering cost is ₹ 25 per order. The stock carrying cost is 40% p.a. of unit cost.

   Evaluate whether the company will be able to save the annual inventory cost by employing the EOQ method of determining order size. 10

Please Turn Over

7. In a factory, a job can be executed either by workman X or Y. X takes 64 hours to complete the job while Y finishes it in 60 hours. The standard time to finish the job is 80 hours. The raw material input cost and normal rate of wages are same for both the workers. X is entitled to get bonus according to Halsey plan (50%) while Y is entitled to receive bonus according to Rowan plan. Works overhead is recovered @ ₹ 15 per labour hour worked. The factory cost of the job comes to ₹ 20,800 irrespective of workmen engaged. Find out the normal wage rate per labour. 10

8. X Ltd. has two production departments – X_1 and X_2 and two service departments – S_1 and S_2. From the following particulars, calculate overhead recovery rates based on material cost assuming the expenditure of S_1 and S_2 are apportioned on the basis of 60 : 40 between X_1 and X_2.

Particulars	X_1	X_2	S_1	S_2
Direct materials (₹)	1,00,000	60,000	8,000	–
No. of workers	50	32	6	12
Floor space (sq. ft.)	4,000	3,600	800	1,600
Value of assets (₹ '000)	200	160	10	30
Wages (₹)	80,000	40,000	10,000	20,000

Items of expenses were –

Supervision	₹ 5,000
Electricity	₹ 8,000
Insurance of raw materials	₹ 4,000
Insurance of assets	₹ 6,000
Rent	₹ 12,000
Sundry Expenses	₹ 15,000

10

9. (a) Fixed cost does not always remain fixed. – Briefly state whether you agree with the statement.

(b) Why FIFO method is considered appropriate when prices are falling?

(c) For efficient workers, Differential Piece Rate System of Wage Payment is better than Time Rate System. Briefly state whether you agree with the statement.

(d) Mention one reason for under absorption of overhead and explain how that reason causes under absorption. 2+2+3+3

10. Following information are available regarding Job No. 1508 :

Materials ₹ 30,000, Wages ₹ 20,000, Sales ₹ 1,08,000, Profit is 8% of cost. Factory overhead is 50% of wages and Administration overhead is charged as a percentage of works cost.

Prepare cost sheet for a new Job No. 2502 for which Material ₹ 9,000, Wages ₹ 8,000 will be required and factory overhead, administration overhead will be charged on the same basis as in case of Job. No. 1508. Profit of 25% on sales are expected. 10

Group - C

Answer ***any two*** questions.

11. (a) How through ABC analysis stock of materials is controlled? State the advantages of ABC analysis.

(b) Two components X and Y are used as follows :

Normal usage 100 units per week for each

Maximum usage 150 units per week for each

Minimum usage 50 units per week for each

Re-order quantity : X – 400 units, Y – 300 units

Lead-Time : X – 4 to 6 weeks, Y – 2 to 4 weeks

Calculate for each component :

(i) Re-order Level

(ii) Maximum Level and

(iii) Minimum level. (5+4)+6

12. Z Ltd. provided the following budgeted details :

Direct Materials :	₹ 3,12,000
Direct Wages :	
Machine shop (2000 hours)	₹ 1,00,000
Assembly shop (6000 hours)	₹ 1,08,000
Factory overhead :	
Machine shop	₹ 50,000
Assembly shop	₹ 30,000
Administration Expenses	₹ 1,20,000
Selling and Distribution Expenses	₹ 72,000

Calculate appropriate overhead recovery rates and estimate the price of Job : 804 on the basis of the following information available for Job : 804 and taking profit @ 25% on sales :

Direct Materials – 240 kgs @ ₹ 20 per kg.

Labour Hour required :

Machine shop 40 hours

Assembly shop 100 hours. 15

13. (a) From the particulars given below, calculate earnings of the workers — Ram and Rahim, under differential piece-rate system :

Standard time allowed for 60 units = 1 hour

Time rate wage ₹ 90.00 per hour

Differential piece-rates to be applied :

75% of piece-rate when below standard.

125% of piece-rate when at and above standard.

The workers have produced in a day of 8 hours as follows :

Ram	600 units
Rahim	420 units

(b) What is labour turnover? What are the different methods of calculating labour turnover rates? 10+(2+3)
