

**2025**

**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. Mention different types of cost when costs are classified :

- (a) Elementwise
- (b) Functionwise
- (c) Behaviourwise.

1+2+2

2. From the following information, calculate reorder level, maximum level and minimum level :

Reorder quantity	250 units
Minimum usage	30 units per week
Normal usage	60 units per week
Maximum usage	90 units per week
Delivery period	4 to 6 weeks.

5

3. State the method of costing that would be most suitable for the following industries :

- (a) Construction works
- (b) Road Transport
- (c) Toy Making
- (d) Coal mine
- (e) Pharmaceuticals.

5

**Please Turn Over**

**(3507)**

4. The budgeted activity and cost data for a half year (January to June, 2024) of SSK Ltd. were as follows :

Direct wages	₹ 85,000
Overhead : Fixed	₹ 75,000
Variable	₹ 1,26,000

During the 6 months (January to June, 2024) the following actual results were available :

Direct wages	₹ 89,500
Overhead : Fixed	₹ 77,500
Variable	₹ 1,24,500

You are required to calculate the over- or under-absorption of wages and overhead.

5

5. Calculate Selling Price of a job from the following information :

Material ₹ 24,000; Wages ₹ 12,000; Factory overhead 75% of wages; Administration overhead 20% of works cost and Selling Overhead is 10% of total cost. Profit to be earned @50% of Selling Price.

5

### Group - B

Answer *any three* questions.

6. The following cost details are available for the year 2024-25 :

Direct Materials	₹ 2,00,000
Direct Wages	₹ 1,60,000
Works Overhead	₹ 1,20,000
Office Overhead	₹ 1,20,000
Selling and Distribution Overhead	₹ 48,000
Profit	₹ 64,800

In April, 2025 an order for a job has been received which will require material ₹ 12,000 and wages ₹ 8,000.

Ascertain the price to be quoted for the job to earn same rate of profit as in 2024-25. Assume that works overhead are recovered on the basis of Direct wages. Office overhead, Selling and distribution overheads are recovered as percentage of works cost.

10

7. Draw up a Stores Ledger from the following particulars, using LIFO method.

July, 2024

1	Opening balance	1000 units @ ₹ 20 per unit	
3	Issue	140 units	
4	Issue	20 units	
7	Receipt (from suppliers)	400 units @ ₹ 21 per unit	
9	Return (from department) from issue dated 03.07.24	40 units	
10	Shortage	20 units	
13	Issue	140 units	
14	Receipt (from suppliers)	200 units @ ₹ 22 per unit	
18	Issue	600 units	
26	Receipt (from suppliers)	100 units @ ₹ 20 per unit	
30	Issue	120 units	10

8. (a) What do you mean by Labour Turnover?

(b) How Labour Turnover is measured?

(c) What are the costs associated with Labour Turnover?

2+6+2

9. Compute machine hour rate of a machine in a shop consisting of 3 machines occupying equal floor space. The effective working hours for the year 2024 are 2000 hours. Following details are available for the machine shop :

	₹
Rent and taxes of the shop per annum	36,000
General electricity for the shop per month	2,000
Repairs and maintenance expenses for the machines per annum	6,000
Rate of power charges for 100 units (each machine consuming 10 units per hour)	30
Foreman's salary for supervising all the machines per month	7,500

Indirect labour cost is ₹ 20 per hour for the machines.

Three machines cost ₹ 13,00,000 and scrap value is estimated at ₹ 1,00,000 and estimated life of each machine is 10 years. The foreman devotes equal attention to each machine in the shop. 10

10. Write short notes on :

(a) Opportunity cost

(b) ABC Analysis of Inventory control

(c) Overtime wages.

3+4+3

Please Turn Over

(3507)

**Group - C**Answer *any two* questions.

11. The standard time of Job– M is 200 hours. The job has been completed by X in 120 hours, Y in 160 hours and Z in 190 hours.

The bonus system applicable to the job is as follows :

<u>Percentage of time saved to time allowed</u>	<u>Bonus</u>
Saving upto 10%	10% of time saved
From 11% to 20%	15% of time saved
From 21% to 40%	20% of time saved
From 41% to 100%	25% of time saved

The rate of pay is ₹ 2.00 per hour.

Calculate the total earnings and the rate of earnings per hour of each worker.

15

12. A factory produces and sells 1000 units of a product in July, 2024, for which the following particulars are available :

Stock of direct materials on 01.07.24	₹ 12,000
Purchase and receipt of direct materials in July, 2024	₹ 2,88,000
Direct wages in July, 2024	₹ 1,00,000
Works overhead charges for the month	₹ 1,20,000
Stock of direct materials on 31.07.2024	₹ 20,000
Administration and selling overheads	₹ 50 per unit
Sales price	₹ 600 per unit

From the above particulars you are required to :

- Prepare a cost statement for July, 2024; and
- Estimate the sale price of a unit of the same product in August, 2024, assuming :
  - 10% increase in direct materials cost
  - 10% increase in direct wages cost
  - 5% increase in works overhead
  - 10% reduction in administration and selling overhead and
  - same percentage of profit on sales as in July 2024.

5+10

13. XYZ Ltd. has three production departments A, B and C and one service department S. The company furnished the following information for 2024 :

	₹
Rent	68,000
Power	36,800
Depreciation on Machinery	44,000
Indirect Wages	10,600
Canteen expenses	11,400
Electricity	9,200

The following details are also available regarding the departments :

	<u>A</u>	<u>B</u>	<u>C</u>	<u>S</u>
Floor space (sq. ft.)	4,000	6,000	5,000	2,000
Light Points	36	24	20	12
Cost of Machines (₹)	1,60,000	1,00,000	1,20,000	20,000
Horse Power of machines	60	40	80	20
Number of workers	14	10	10	4
Direct Wages (₹)	30,000	32,000	36,000	8,000

Expenses of service department are to be apportioned to production departments as A – 50%; B – 25% and C – 25%.