

2026

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. Why we need cost accounting in addition to financial accounting? 5
2. State whether the following costs in connection with a shoe making industry are direct or indirect : 5
 - (a) Costs of leather, rubber soles
 - (b) Wages of stichers
 - (c) Cost of designing shoes
 - (d) Salary of factory supervisor
 - (e) Factory Rent.
3. A Ltd. manufactures a product whose cost per unit is ₹ 80 (75% variable) when 5,000 units are produced. If the production increases by 25%, what would be the cost of production per unit? 5
4. "Fixed cost per unit remains constant with the increase in production." — Do you agree? Justify your answer with suitable example. 5
5. (a) What is labour turnover?
(b) Briefly state different costs involved with labour turnover with one example of each. 2+3

Please Turn Over

(7662)

Group - BAnswer *any three* questions.

6. (a) What do you mean by under absorption and over absorption of overhead?
 (b) The factory overhead costs incurred for three production departments of a company engaged in executing job orders for the year 2024-25 are as follows :

	₹
Department - A	38,600
Department - B	8,400
Department - C	9,600

Overhead Costs have been applied as under :

Department - A	₹ 3.00 per machine hour for 14000 hours
Department - B	₹ 2.50 per direct labour hour for 3000 hours
Department - C	80% of Direct Labour Cost of ₹ 12,000

On analysis it was found that under/over absorption of overhead in case of Department-B is due to faulty planning and the rest is attributed to increase/decrease in overhead costs.

Find out the department-wise under or over absorption of overhead and explain their treatment.

2+(3+5)

7. ABC Ltd. furnishes the following information :

(i) Consumption	— 300 units per quarter
(ii) Cost per unit	— ₹ 40
(iii) Cost of processing an order	— ₹ 600
(iv) Obsolescence	— 15%
(v) Insurance on inventory	— 25%

Compute (a) Economic order quantity (b) No. of orders per year (c) Time between two consecutive orders.

A supplier offers a discount of 2% on a purchase of 600 units. Should it be accepted? Working should form part of your answer.

(4+1+1)+4

8. Given below the details of wages of 30 workers employed in a factory for December, 2025 :

Basic Wages @ ₹ 2,000 p.m. per worker

Dearness Allowance @ ₹ 1,800 p.m. per worker

Bonus for the month @ 20% of Basic Wages and Dearness Allowance

Other Allowances @ ₹ 400 p.m.

Own and Employer's contribution to P.F. @ 10% of Basic Wages

Own and Employer's contribution to E.S.I. @ 2% of Basic Wages

Professional Tax deducted ₹ 40 p.m. from salary.

Calculate total amount of gross and net wages to be paid to workers.

10

9. From the records of XY Ltd. the following data are available for the month of August, 2025 :

	₹
Direct Labour Cost	32,000
(160% of factory overhead)	
Cost of goods sold	1,12,000
Selling expenses	6,800
General and Administrative expenses	5,200
Sales	1,50,000

Inventory accounts showed the following balances :

	August, 1	August, 31
	(₹)	(₹)
Raw Materials	16,000	17,200
Work-in-Progress	16,000	24,000
Finished Goods	28,000	36,000

Prepare a statement showing cost of sales and profit earned.

10

10. Write short notes on :

- (a) Incremental Cost and Differential Cost
(b) Allocation and Apportionment of Overhead.

5+5

Group - C

Answer *any two* questions..

11. The following are the receipts and issues of Material – A in a manufacturing concern :

2025 Jan 1	Opening Stock 200 units at ₹ 10 per unit
" 2	Issued 50 units to Department – X
" 7	Received 850 units at ₹ 11 per unit
" 10	Issued 400 units to Department – Y
" 12	Returned to stores 20 units from Department – X
" 15	Returned to vendor 40 units out of the quantity received on 7th January
" 17	Received 220 units at ₹ 12.50 per unit
" 25	Received 200 units at ₹ 10 per unit
" 29	Issued 400 units to Department – Y
" 30	Received 200 units at ₹ 11 per unit.

Prepare Stores Ledger Account of Material – A using the weighted average method (to be calculated to two decimal places of a rupee).

15

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12. From the following information, calculate the comprehensive machine hour rate of a machine installed in a shop : 15

(i) Cost of the Machine	₹ 900,000
(ii) Customs Duty and Freight Paid for the Machine	₹ 100,000
(iii) Estimated Life	15 years
(iv) Residual Value	₹ 100,000
(v) Machine Running Hours : 2040 hours per annum including idle time of 40 hours due to routine repairs and maintenance and 20 hours due to break down of machine.	
(vi) Power consumption of the machine per hour is 10 units; Rate of power per 100 units is ₹ 1,600.	
(vii) There are two operators in the shop and wages of an operator who is in-charge of two machines is ₹ 1,20,000 p.a.	
(viii) Rent, Rates and Taxes of the shop	₹ 4,000 p.m.
(ix) Insurance premium for the machine	₹ 4,000 per quarter
(x) General Lighting of the shop	₹ 6,000 p.m.
(xi) Shop Supervisor's Salary	₹ 15,000 p.m.
(xii) Repairs and maintenance expenses per machine	₹ 4,000 p.m.
(xiii) Other fixed factory overhead allocated to the shop	₹ 60,000 p.a.

There are four identical machines in the shop. The supervisor devotes one-fifth of his time for supervising the machine.

13. (a) The cost accountant of TRP Ltd. has computed labour turnover rates for the quarter ending 31st March, 2026 as 2.5% and 5% respectively under 'Replacement method' and 'Separation method'. Number of workers at the end of the quarter is 400 more than the number at the beginning and number of workers replaced during the quarter is 50. You are required to find out the number of :
- Workers at the beginning and at the end of the quarter; and
 - Workers left and discharged during the quarter.
- (b) State the various causes of Labour Turnover. 10+5