

2021

COST AND MANAGEMENT ACCOUNTING – I — HONOURS

Paper : CC-2.1Ch

Full Marks : 80

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 four** questions.

1. What do you mean by direct cost and indirect cost? State any four objectives of introduction of cost accounting system. 6+4
2. Following information is available from the books of a company:
Annual requirement of material A : 12000 units to produce 3,000 units of product Z.
Every order costs ₹ 200 and inventory carrying charges are ₹ 1.20 per unit per annum. Safety stock is 20 days consumption and time required to get a new supply is 15 days.
Find (i) EOQ (ii) Ordering level (iii) Minimum level (iv) Maximum level.
(Assume 1 year = 300 effective days.) 4+2+2+2
3. A company follows LIFO method in pricing the material issues. From the following data, prepare the Stores Ledger Account for the month of June: 10
- March 1 : Stock in hand 100 units @ ₹ 6 per unit
- | Purchases: | Issues: |
|-------------------------------------|----------------------|
| March 12 : 200 units @ ₹ 8 per unit | March 19 : 220 units |
| March 22 : 150 units @ ₹ 7 per unit | March 28 : 200 units |
4. Calculate total monthly remuneration of workers A and B on the basis of the following information for the month of June, 2021: 5+5
- (a) Standard production for each worker – 2000 units.
(b) Rate of wages – ₹ 15 p.u.
(c) Bonus – ₹ 600 for each 2% increase in efficiency over 90%.
(d) Dearness allowance – 50% of piece wage.
(e) House rent allowance – 30% of piece wage subject to a maximum of ₹ 8000 p.m.
- The units completed by the two workers were : A – 1920 and B – 1760 units.

Please Turn Over

5. What do you mean by labour turnover? How can it be measured? State any four reasons of labour turnover. 3+3+4

6. Pass necessary journal entries in cost records for the following: 2×5

- (a) Direct materials amounting to ₹ 38,000 issued to production
- (b) Goods completed and transferred to finished stock ₹ 85,000
- (c) Materials purchased ₹ 42,000 in cash and ₹ 27,000 on credit
- (d) Depreciation on factory building ₹ 7,000
- (e) Factory overhead recovered ₹ 15,000.

7. Mr. Gupta, the owner of a taxi, provides you with the following information:

| | |
|--------------------------|--|
| Cost | ₹ 7,60,000 (useful life 2,00,000 km and residual value ₹ 40,000) |
| Driver's Salary | ₹ 6,000 per month |
| Repair Charge | ₹ 7,200 per annum |
| Garage Rent | ₹ 1,200 per month |
| Road Tax and Insurance | ₹ 36,000 per annum |
| Diesel Consumption | ₹ 10 km per litre @ ₹ 90 per litre |
| Maximum sitting capacity | 4 |

The taxi runs on an average 120 km per day for an average of 25 days a month. 20% of the distance has been run without any passenger.

Calculate cost per kilometre. 10

8. A factory was running at 90% capacity and producing 9000 units at a cost of ₹ 90 per unit as per details given below:

| | |
|-------------------------|------------------|
| Materials | ₹ 50 |
| Labour | ₹ 15 |
| Factory Overhead | ₹ 15 (₹ 6 Fixed) |
| Administration Overhead | ₹ 10 (₹ 5 Fixed) |

If it decides to run at 60% capacity what should be the total costs? 10

Group-B

Answer *any two* questions.

9. From the following particulars relating to production and sales for the year ended 31.03.21, prepare a Statement of Cost and Profit showing therein (i) Raw materials consumed, (ii) Prime cost, (iii) Factory cost of production, (iv) Cost of goods sold, (v) Cost of Sales and (vi) Profit. Also show per unit Cost of Sales and Profit.

Raw materials purchased ₹ 3,00,000; Abnormal loss of materials ₹ 20,000 (scrap realised ₹ 15,000); Carriage inward ₹ 15,000; Chargeable Expenses ₹ 80,000; Factory wages ₹ 2,40,000; Factory expenses ₹ 1,60,000; Administration expenses ₹ 84,000; Selling expenses ₹ 44,000; Distribution expenses ₹ 36,000; Sale of finished goods (42,000 units) ₹ 11,55,000.

| | 01.04.20 | 31.03.21 |
|--------------------------------|---------------|---------------|
| Other balances : Raw Materials | ₹ 20,000 | ₹ 35,000 |
| WIP | ₹ 32,000 | ₹ 24,000 |
| Finished Goods (at cost) | ₹ 1,63,800 | ₹ ? |
| | (9,000 units) | (7,000 units) |

[Note : FIFO method is followed for valuation of Finished Goods.]

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10. Sunlight Engineering Company has two production departments A and B, and also, two service departments X and Y. Following are the particulars of a month. Calculate the labour hour rate for each of the production departments: 20

Indirect materials: Dept. A ₹ 1,700; B ₹ 1,000; X ₹ 800 and Y ₹ 400; Indirect wages ₹ 9,000; Rent ₹ 8,000; Canteen expenses ₹ 1,800; Lighting ₹ 2,200 and Depreciation ₹ 2,000.

Other information:

| | Dept. A | Dept. B | Dept. X | Dept. Y |
|----------------------------|---------|---------|---------|---------|
| No. of workers | 20 | 25 | 2 | 3 |
| Area (Sq. meter) | 200 | 300 | 100 | 200 |
| Direct wages (₹) | 8,000 | 10,000 | 2,000 | 6,000 |
| No. of electric points | 50 | 40 | 10 | 10 |
| Value of fixed assets (₹) | 50,000 | 60,000 | 20,000 | 30,000 |
| Days worked (8 hours each) | 25 | 26 | 24 | 26 |

The expenses of Service Departments X and Y are to be apportioned as below:

| | Dept. A | Dept. B | Dept. X | Dept. Y |
|---------|---------|---------|---------|---------|
| Dept. X | 50% | 30% | – | 20% |
| Dept. Y | 40% | 50% | 10% | – |

11. The product of a manufacturing concern passes through two processes A and B and then to finished goods. From the following information prepare Process A Account, Process B Account, Normal Loss Account, Abnormal Loss / Gain Account: 6+6+2+6

| | Process A | Process B |
|--|-----------|-----------|
| Materials introduced (in tons) | 1,000 | 70 |
| Cost of materials per ton (₹) | 125 | 200 |
| Output (tons) | 830 | 820 |
| Normal Scrap (% of total input of the process) | 15 | 10 |
| Scrap value per ton (₹) | 80 | 140 |
| Direct wages (₹) | 28,000 | 20,000 |
| Manufacturing expenses (₹) | 8,600 | 10,720 |
| Administration & Selling expenses ₹ 4,800 | | |

Please Turn Over

12. The following are the particulars in respect of a Contract for the year ended on 31.03.2021:

| | (₹) |
|---|----------|
| Materials sent to Site | 3,00,000 |
| Wages paid | 3,60,000 |
| Wages unpaid | 6,000 |
| Other Expenses | 52,000 |
| Plant Installed at Site | 4,00,000 |
| Materials returned to Stores | 10,000 |
| Materials lying unconsumed | 16,000 |
| Materials stolen from Site | 20,000 |
| Work Uncertified | 22,000 |
| Cash received from Contractee | 7,20,000 |
| Insurance Claim admitted for Materials stolen | 14,000 |

Plant is subject to depreciation @ 7½% and cash has been received to the extent of 90% of work certified.

Prepare Contract Account for the year ended on 31.03.2021.

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