



‘समानो मन्त्रः समितिः समानी’

**UNIVERSITY OF NORTH BENGAL**  
B.Com. Honours 4th Semester Examination, 2023

**CC8-COMMERCE**  
**COST ACCOUNTING**

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.*

**GROUP-A**

**Answer any two questions**

12×2 = 24

1. (a) Explain the ‘LIFO’ method of pricing of material issues. 3
- (b) The following are the particulars of the receipts and issues of materials in a factory during January, 2023: 9

2nd January, 2023	Opening Balance	1,000 kg @ ₹30
3rd January, 2023	Issues	140 kg
4th January, 2023	Issues	200 kg
8th January, 2023	Issues	160 kg
13th January, 2023	Received from Vendor	400 kg @ ₹35
15th January, 2023	Return of Surplus from a work order	30 kg @ ₹28
16th January, 2023	Issues	360 kg
18th January, 2023	Received from Vendor	600 kg @ ₹32
20th January, 2023	Issues	550 kg
22nd January, 2023	Received from Vendor	400 kg @ ₹34
24th January, 2023	Issues	250 kg
29th January, 2023	Return of Surplus from a work order	40 kg @ ₹32
30th January, 2023	Received from Vendor	200 kg @ ₹36

Prepare a statement showing how the value of the issues should be arrived at under the ‘LIFO’ method.

2. From the following particulars compute a comprehensive machine hour rate: 12
- (i) Cost of the machine- ₹1,00,000, Estimated Life- 15 years, Residual Value- ₹10,000.
- (ii) Machine running hours- 2,040 hours per machine per annum including idle time of 40 hours due to routine repairs and maintenance and 20 hours due to breakdown of machine.
- (iii) Power consumption of the machine per hour is 20 units. Rate of power per 100 units is ₹80.

- (iv) There are two operators in the shop and wages, workman's compensation, insurance etc of an operator who is in charge of two machines is ₹12,000 per annum.
- (v) Rent, rates and taxes of the shop is ₹4,800 per annum.
- (vi) Insurance Premium for the machine is ₹400 per quarter.
- (vii) General Lighting of the shop per month is ₹600.
- (viii) Repairs and maintenance expenses per month is ₹400 per machine.
- (ix) Shop Supervisor's salary per month is ₹1,500.
- (x) Other factory overhead allocated to the shop is ₹6,000 p.a.

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

3. The summarized Profit and Loss Account of a company for the year ended 31.03.2023 are given below:

12

Particulars	₹	Particulars	₹
Materials consumed	44,00,000	Sales (20,000 units)	1,00,00,000
Wages	24,00,000	Finished Goods Stock	5,00,000
Factory Overheads	14,00,000	Closing Balance (12,000 units)	
Administration Overheads	5,20,000	Work-in-Progress (Closing Balance)	
Selling and Distribution Overheads	4,80,000	Materials- ₹1,20,000	
Bad Debts written off	40,000	Labour- ₹80,000	
Preliminary Expenses written off	60,000	Factory overheads- ₹40,000	2,40,000
Net Profit	16,00,000	Agricultural Income	32,000
	<b>1,09,00,000</b>	Miscellaneous Receipts	1,28,000
			<b>1,09,00,000</b>

Following additional information is also furnished:

- (i) In Cost Accounts, factory overheads have been absorbed at 22% of Prime Cost.
- (ii) In Cost Accounts, administration overheads have been absorbed at ₹3 per unit.
- (iii) In Cost Accounts, selling and distribution overheads have been absorbed at ₹2.50 per unit.
- (iv) Closing Work-in-Progress valued by the cost department has been incorporated in financial accounts.
- (v) Valuation of finished goods (Closing balance) has been independently made by the financial accounts branch.

You are required to prepare Costing Profit and Loss Account and reconcile the profit of Costing Profit and Loss Account with the profit of Financial Accounts.

4. What do you mean by Idle Time? Enumerate the causes and types of idle time.

3+4+5

**GROUP-B**

5. Answer any *four* questions: 6×4 = 24
- (a) Write a note on ABC analysis of inventory control. 6
  - (b) Distinguish between allocation and apportionment of overheads. 6
  - (c) A worker took 45 hours to complete a Job and earned ₹562.50 under the Rowan Premium Plan with hourly rate of ₹10. What could he earn if he was paid under Halsey Plan? 6
  - (d) What do you mean by Activity Based Cost Allocation? 6
  - (e) Bring out the salient distinguishing features between Cost and Financial Accounting. 6
  - (f) Explain the 'Escalation Clause' and 'De-escalation Clause' in Contract Costing. 3+3

**GROUP-C**

6. Answer any *four* questions: 3×4 = 12
- (a) Under which circumstance Halsey Bonus Plan is beneficial for the workers compared to Rowan Plan? 3
  - (b) Name three industries where operating costing is applied. 3
  - (c) Define EOQ. 3
  - (d) Explain the treatment of abnormal loss in process costing. 3
  - (e) Mention few items that are included in financial accounts but not in cost accounts. 3
  - (f) How is separation method of labour turnover different from replacement method? 3

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