



'समनो मन्त्रः समितिः समानी'

**UNIVERSITY OF NORTH BENGAL**  
B.Com. Honours 4th Semester Examination, 2022

**CC8-COMMERCE**

**COST ACCOUNTING**

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.  
All symbols are of usual significance.*

**GROUP-A**

**Answer any two questions**

12×2 = 24

1. Examine the need and importance of Cost Accounting with reference to the inadequacies of Financial Accounting. Do you think that Cost Accounting has no limitations? 9+3
2. (a) X Ltd. produces a product which has a monthly demand of 4,000 units. The product requires a component 'X' which is purchased at ₹20 per unit. For every finished product, one unit of component 'X' is required. The ordering cost is ₹120 per order and the holding cost is 10% per annum. 3+6  
Calculate:  
(i) Economic Order Quantity  
(ii) If the minimum lot size to be supplied is 4,000 units, what is the extra cost to the company?
- (b) Calculate Re-order Level, Maximum Level and Minimum Level from the following information: 3

Re-order Quantity	1,500 units
Re-order Period	4 to 6 weeks
Maximum Consumption	400 units per week
Minimum Consumption	200 units per week

3. The product of a company passes through three distinct processes to completion. They are known as A, B and C. From the past experience it is ascertained that loss is incurred in each process as: 12

Process A- 2%, Process B- 5%, Process C- 10%.

In each case the percentage of loss is computed on the number of units entering the process concerned.

The loss of each process possesses a scrap value. The loss of Processes A and B is sold ₹5 per 100 units and that of Process C at ₹20 per 100 units. The output

of each process immediately passes to the next process and the finished units are passed from Process C into stock

	Process A (₹)	Process B (₹)	Process C (₹)
Materials Consumed	6,000	4,000	2,000
Direct Labour	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

20,000 units have been issued to Process A at a cost of ₹0.50 per unit. The output of each process has been as under:

Process A- 19,500 units; Process B- 18,800 units; Process C- 16,000 units. There is no work-in-progress in any process. Prepare Process Accounts.

4. A construction company undertook a contract at an estimated price of ₹108 lakhs, which includes a budgeted profit of ₹18 lakhs. The relevant data for the year ended 31/03/2022 are as under:

12

Materials issued to site	₹50,00,000
Direct wages paid	₹38,00,000
Plant hired charges	₹7,00,000
Site office costs	2,70,000
Material returned from site	1,00,000
Direct expenses	5,00,000
Works certified	100,00,000
Progress Payment Received	72,00,000

A special Plant was purchased for this contract at ₹8,00,000 and after use on the contract till the end of 31/03/22 it was valued at ₹5,00,000. The cost of materials at site at the end of the year was estimated at ₹18,00,000. Direct wages accrued as on 31/03/22 was ₹1,10,000.

Prepare a Contract Account for the year ended 31st March, 2022 and compute the profit to be taken to Profit & Loss Account.

### GROUP-B

5. Answer any *four* questions:

6×4 = 24

- (a) How does fixed overheads differ with variable overheads and semi-variable overheads. Show with numerical examples.  
(b) The following were the information extracted from a factory:

6

1+1+2+2

Weekly working hours	48
Hourly wage rate	₹7.50
Piece Rate per unit	₹3.00
Normal time taken per piece	24 minutes
Normal output per week	120 pieces
Actual output for the week	150 pieces
Differential Piece Rate	80% of piece rate when output is below normal and 120% of the piece rate when output is above normal

Calculate earning of the worker for that week under:

- (i) Straight Piece Rate
  - (ii) Differential Piece Rate
  - (iii) Halsey Premium Scheme (50% sharing)
  - (iv) Rowan Premium Scheme.
- (c) Briefly discuss the items to be considered for addition and deduction from profit as per Cost Accounts to arrive at the profit as per Financial Accounts. 6
- (d) How does a Bin Card differ from a Stores Ledger? 6
- (e) Mention the drawbacks of Piece Rate System of wage plan. 6
- (f) How be Normal Loss, Abnormal Loss and Abnormal Gain treated in Process Costing? 6

### GROUP-C

6. Answer any *four* questions: 3×4 = 12
- (a) Distinguish between Time Study and Motion Study. 3
  - (b) What are the causes of Labour Turnover? 3
  - (c) Write a note on “Cost Plus Contract”. 3
  - (d) What are the causes of idle time? 3
  - (e) Will you consider the following items in Cost Statement? 3
    - (i) Income Tax
    - (ii) Interest on Bonds
  - (f) What are the examples of carrying cost in the determination of Economic Order Quantity? 3

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