

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BSc DEGREE EXAMINATION DECEMBER 2023
(Third Semester)

Branch – COSTUEM DESIGN & FASHION

APPAREL COST ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- Cost incurred is identified with _____
(i) Each executive (ii) Each unit of output
(iii) Each month (iv) Each year
- _____ of the following is an example of an indirect cost in stitching cost estimation.
(i) Cost of fabric (ii) Cost of sewing machine maintenance
(iii) Labour wages (iv) Cost of sewing machine operators' uniforms
- Material control involves _____
(i) Consumption of material (ii) Issue of material
(iii) Purchase of materials (iv) Purchase, storage and issue of materials
- A production budget is based on _____
(i) Cash budget (ii) Overheads budget
(iii) Sales budget (iv) Purchase budget
- Break-even point is _____
(i) Sales at which profit is high (ii) Sales at which profit is low
(iii) Sales at which there is loss (iv) Sales at which there is no profit or loss

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) Explain the advantages of cost accounting.

OR

- b) ABC Manufacturing Company produces a single product, "Widget X." The following information is available for the month of September:

Direct Materials Purchased	Rs.10,000
Direct Materials Used	Rs.9,000
Direct Labor Cost	Rs.4,000
Factory Overhead	Rs.2,000
Selling and Administrative Expenses	Rs.1,500
Units Produced	Rs 1,000
Units Sold	900

Prepare a cost sheet for the month of September for Widget X.

- 7.a) Describe the advantages and disadvantages of buying knitted fabric in bulk.

OR

- b) Describe how the cost of yarn influences the pricing strategy for apparel products.

Cont...

- 8.a) In a company, weekly minimum and maximum consumption of material A are 25 units and 75 units respectively. The reorder quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of material A.

OR

- b) ABC Company sells 10,000 units of a product annually. The cost to place an order is Rs. 50, and the annual carrying cost per unit is Rs.5. Calculate the EOQ.
- 9.a) State the objectives of budgetary control.

OR

- b) Larsen Ltd., plans to sell 1,10,000 units of a certain product line in the first fiscal quarter, 1,20,000 units in the second quarter, 1,30,000 units in the third quarter and 1,50,000 units in the fourth quarter and 1,40,000 units in the first quarter of the following year. At the beginning of the first quarter of the current year, there are 14,000 units of product in stock. At the end of each quarter, the company plans to have an inventory equal to one-fifth of the sales for the next fiscal quarter. How many units must be manufactured in each quarter of the current year?

- 10.a) Prepare marginal cost statement from the following particulars:

Variable cost:	Rs.
Direct material	4,500
Direct wages	2,500
Factory Overheads	1,500
	8,500
Fixed Cost:	
Administrative expenses	1,250
Total cost	9,750
Profit	<u>5,250</u>
Sales	<u>15,000</u>

OR

- b) The fixed expenses of an industrial concern amount to Rs.1,80,000. Its variable cost per unit is Rs.29 and selling price is Rs.44 per unit. Calculate the break-even point.

SECTION -C (30 Marks)Answer any **Three** questions**ALL** questions carry **EQUAL** Marks

(3 x 10 = 30)

11. During the year 2019, X Ltd., produced 50,000 units of a product. The following were the expenses:

	Rs.
Stock of raw materials on 1.1.2019	10,000
Stock of raw materials on 31.12.2019	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a cost sheet showing cost per unit and total cost at each stage.

Cont...

12. Explain the process of estimating fabric consumption for a particular clothing item.

13. From the particulars given below write up the store's ledger card:

2007

January 1 Opening stock	1000 units at Rs.26 each
5 Purchased	500 units at Rs.24.50 each
7 Issued	750 units
10 Purchased	1,500 units at Rs.24 each
12 Issued	1,100 units
15 Purchased	1000 units at Rs.25 each
17 Issued	500 units
18 Issued	300 units
25 Purchased	1,500 units at Rs.26 each
29 Issued	1,500 units

Adopt the FIFO method of issue and ascertain the value of the closing stock.

14. Prepare a flexible budget for the production of 80% and 100% activity

Production at 50%	5,000 Units
Raw Materials	80 per unit
Direct Labor	50 per unit
Direct Expenses	15 per unit
Factory Expenses	50,000 (50) (Fixed)
Administration	60,000 (Variable)

15. From the following information relating to quick Standards Ltd., you are required to find out (a) P.V. ratio (b) Break-even point (c) Profit (d) Margin of safety.

Total fixed costs	Rs.4,500
Total Variable cost	7,500
Total sales	15,000

Calculate the volume of sales to earn profit of Rs.6,000

Z-Z-Z

END