PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025
(Second Semester)

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

APPLIED COST ACCOUNTING

Time: Three Hours Maximum: 75 Marks

SECTION-A (10 Marks)
Answer ALL questions
ALL questions carry EQUAL marks (10 × 1 = 10)

| Module No. | Question No. | Question | K Level | CO |
|---|---|---|---|---|
| 1 | 1 | Cost accounting is a branch of accounting that deals with _____.<br>a) Classification, recording, allocation and control of costs<br>b)Financial records only<br>c) Accounting ratios only d) All the above | K1 | CO1 |
| | 2 | Dividends paid are excluded from ___ account but included in _____ account.<br>a) Financial, cost b) cost, financial<br>c) cost, bank d) cash, financial | K2 | CO1 |
| 2 | 3 | Examples of _____ are available in operations like turning, boring, punching, shaving, moulding, etc.,<br>a) Spoilage b) Wastage c) defectives d) Scrap | K1 | CO2 |
| | 4 | _____ can be defined as the process of planning, executing, and controlling the company's available and stored resources.<br>a) Working Capital Management<br>b) Financial Management<br>c) Human Resource Management<br>d) Inventory Management and Control | K2 | CO2 |
| 3 | 5 | _____ is concerned with the recording of time of workers for the purpose of attendance and wage calculations (i.e.) it is the function of recording worker's time of arrival and departure.<br>a) Time keeping b) Labour Turnover<br>c) Idle Time d) Over Time. | K1 | CO3 |
| | 6 | When a worker works above his normal working hours, he is said to be working ____.<br>a) Idle Time b) Over time c) Normal Hours d) Total hours | K2 | CO3 |
| 4 | 7 | Cost of personnel department is apportioned to various departments on the basis ____.<br>a) Floor Area b) Plant Value<br>c) Number of Employees d) Absorption | K1 | CO4 |
| | 8 | _____ is the movement of people into and out of the organisation.<br>a) Machine Hour Rate b) Man hour rate<br>c) Halsey Plan d) Labour Turnover | K2 | CO4 |
| 5 | 9 | ____ is the most suitable method in a transport company.<br>a) Operating Costing b) Contract Costing<br>c) Batch Costing d) Process Costing | K1 | CO5 |
| | 10 | Process Costing is suitable for _____.<br>a) Hospitals b) Oil refining firms<br>c) Transport firms d) Brick laying firms | K2 | CO5 |

SECTION - B (35 Marks)
Answer ALL questions
ALL questions carry EQUAL Marks (5 × 7 = 35)

| Module No. | Question No. | Question | K Level | CO |
|---|---|---|---|---|
| 1 | 11.a. | List out the objectives of Cost Accounting. | K1 | CO1 |
| | | (OR) | | |

Cont...

| | | | | |
|---|---|---|---|---|
| | 11.b. | Ascertain the profit as per the financial books from the following information:<br>Rs.<br>Profit as per cost accounts 25,000<br>Closing stock over valued in cost 12,500<br>Preliminary expenses written off 3,000<br>Profit on sale of building 30,000<br>Administrative expenses over recovered in cost books 50,375<br>Works overhead under recovered in cost books 30,375<br>Bank interest and transfer fee in financial books 5,000<br>Interest on investment recorded in financial books 10,000<br>Depreciation shown in excess in cost books 4,000<br>Provision made for income tax 40.000 | | |
| 2 | 12.a. | What are the Inventory Control Techniques? | K1 | CO2 |
| | | (OR) | | |
| | 12.b. | From the following information, calculate:<br>a) Maximum Stock Level b) Minimum Stock Level<br>c) Reorder Level d) Average Stock Level<br>Minimum consumption – 240 units per day<br>Maximum consumption – 420 units per day<br>Normal consumption – 300 units per day<br>Reorder Quantity – 3,600 units Reorder Period = 10 – 15 days<br>Normal reorder period = 12 days. | | |
| 3 | 13.a. | What are the Objectives of Time Keeping? | K2 | CO3 |
| | | (OR) | | |
| | 13.b. | Calculate the normal and overtime wages payable to a workman from the following data:<br>**Days** **Hours worked**<br>Monday 8<br>Tuesday 10<br>Wednesday 9<br>Thursday 11<br>Friday 9<br>Saturday 4<br>Normal working hours: 8 hours per day<br>Normal rate : Rs. 2 per hour<br>Overtime rate : double the usual rate. | | |
| 4 | 14.a. | Describe the methods of Absorption of Overheads. | K1 | CO4 |
| | | (OR) | | |
| | 14.b. | Compute Machine Hour Rate so as to cover the overhead expenses given below:<br>Per hour Per annum<br>Rs.<br>Electric power 80 paise<br>Steam power 30 paise<br>Water 10 paise<br>Repairs 860<br>Rent 350<br>Other information available are:<br>Original cost of machine 15,000<br>Present book value 3,000<br>Replacement value 10,000<br>Rate of depreciation 10% p.a.<br>Running hours of the machine 2,400 hrs. | K1 | CO4 |
| 5 | 15.a. | What are the Objectives of Job Costing? | K3 | CO5 |
| | | (OR) | | |
| | 15.b. | Malini Construction company undertook a contract for constructing a building from 1st January 2018. The contract price was Rs. 25,000. She incurred the following expenses:<br>**Particulars** **Rs.**<br>Materials issued 1,500<br>Materials in hand at end 250<br>Plant purchased 2,500<br>Wages 1,250<br>Direct expenses 5,000<br>The Contract was completed on 31th June 2018 and the contract price was duly received. Provide depreciation @ 20% p.a. on plant and charge indirect expenses @ 20 % on wages. Prepare Contract Account in the books of the company. | | |

## SECTION -C (30 Marks)

Answer **ANY THREE** questions

**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>Prepare Cost Sheet from the following particulars:
<table>
<tr><td></td><td>Rs.</td></tr>
<tr><td>Direct Materials</td><td>1,00,000</td></tr>
<tr><td>Direct Wages</td><td>25,000</td></tr>
<tr><td>Direct Expenses</td><td>5,000</td></tr>
<tr><td>Wages of Foreman</td><td>2,500</td></tr>
<tr><td>Electric power</td><td>500</td></tr>
<tr><td>Lighting: Factory</td><td>1,500</td></tr>
<tr><td>Office</td><td>500</td></tr>
<tr><td>Rent: Factory</td><td>5,000</td></tr>
<tr><td>Office</td><td>2,500</td></tr>
<tr><td>Salaries to salesman</td><td>1,250</td></tr>
<tr><td>Advertising</td><td>1,250</td></tr>
<tr><td>Income tax</td><td>10,000</td></tr>
<tr><td>Sales</td><td>1,89,500</td></tr>
</table></td><td>K4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>From the following, prepare Stores Ledger Account under FIFO method of pricing issues:<br>1992 Jan. 1 Opening balance 50 units @ Rs. 30 per unit<br>5 Issued 20 units<br>7 Purchased 48 units @ Rs. 40 per unit<br>9 Issued 20 units<br>19 Purchased 36 units @ Rs. 35 per unit<br>24 Received back 10 units out of the units issued on 9th Jan.<br>27 Issued 15 units.</td><td>K4</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>Calculate the earnings of workers C & D under straight piece rate system and Taylor's differential piece rate system from the following particulars:<br>Normal rate per hour = Rs. 1.80 Standard time per unit = 20 seconds<br>Differentials to be applied: 80% of piece rate below standard<br>120% of piece rate above standard<br>Worker C produces 1,200 units per day and Worker D produces 1,460 units per day.</td><td>K4</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>Santhosh Producing Concern is divided into four departments. A, B and C are Production departments and D is a service department. The actual expenses for a period are as follows:
<table>
<tr><td></td><td>Rs.</td></tr>
<tr><td>Rent</td><td>10,000</td></tr>
<tr><td>Repairs to plant</td><td>6,000</td></tr>
<tr><td>Depreciation to plant</td><td>4,500</td></tr>
<tr><td>Lighting expenses</td><td>1,200</td></tr>
<tr><td>Supervisory expenses</td><td>15,000</td></tr>
<tr><td>Fire insurance on stock</td><td>5,000</td></tr>
<tr><td>Power</td><td>9,000</td></tr>
</table>
The following information is available in respect of the four departments:
<table>
<tr><td>Particulars</td><td colspan="4">Departments</td></tr>
<tr><td></td><td>A</td><td>B</td><td>C</td><td>D</td></tr>
<tr><td>Area (sq.ft)</td><td>1,500</td><td>1,100</td><td>900</td><td>500</td></tr>
<tr><td>Horse power of plant</td><td>20</td><td>15</td><td>10</td><td>5</td></tr>
<tr><td>No. of employees</td><td>200</td><td>150</td><td>100</td><td>50</td></tr>
<tr><td>Total Wages (Rs.)</td><td>60,000</td><td>40,000</td><td>30,000</td><td>20,000</td></tr>
<tr><td>Value of Plant (Rs.)</td><td>2,40,000</td><td>1,80,000</td><td>1,20,000</td><td>60,000</td></tr>
<tr><td>Value of Stock (Rs.)</td><td>1,50,000</td><td>90,000</td><td>60,000</td><td>---</td></tr>
</table>
Apportion the costs to the various departments on the Primary Apportionment method.</td><td>K4</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>Product 'A' is obtained after it passes through three distinct processes. Prepare Process accounts from the following:
<table>
<tr><td>Particulars</td><td>Total Rs.</td><td>Process I Rs.</td><td>Process II Rs.</td><td>Process III Rs.</td></tr>
<tr><td>Materials</td><td>15,084</td><td>5,200</td><td>3,960</td><td>5,924</td></tr>
<tr><td>Wages</td><td>18,000</td><td>4,000</td><td>6,000</td><td>8,000</td></tr>
<tr><td>Overheads</td><td>18,000</td><td>--</td><td>--</td><td>--</td></tr>
</table>
1,000 units of materials @ Rs.6 per unit were introduced in Process I.<br>Overheads is to be distributed as 100% on wages.
<table>
<tr><td>Process</td><td>Total output units</td><td>Normal Loss</td><td>Value of Scrap per unit(Rs.)</td></tr>
<tr><td>I</td><td>950</td><td>5%</td><td>4</td></tr>
<tr><td>II</td><td>840</td><td>10%</td><td>8</td></tr>
<tr><td>III</td><td>750</td><td>15%</td><td>10</td></tr>
</table></td><td>K4</td><td>CO5</td></tr>
</table>

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