

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BBA DEGREE EXAMINATION MAY 2025
(Second Semester)

Branch – BUSINESS ADMINISTRATION

COST ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Which of the following is a direct cost?
(i) Factory Rent (ii) Supervisor's Salary
(iii) Direct Labour (iv) Electricity for general office
- 2 Identify the method under which materials are issued at the price of the most recent purchase?
(i) FIFO (ii) LIFO
(iii) Simple average (iv) Last purchase price
- 3 Label the Overheads that vary directly with the level of production
(i) Fixed overheads (ii) Variable overheads
(iii) Semi-variable overheads (iv) Administration overheads
- 4 Find the industry that is most likely to use job costing?
(i) Cement Manufacturing (ii) Oil refinery
(iii) Shipbuilding (iv) Paper manufacturing
- 5 Choose the formula for contribution from the following
(i) Sales – Fixed Cost (ii) Sales – Variable Cost
(iii) Sales – Total Cost (iv) Sales – Profit

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Bring out the main elements of cost with examples.

OR

- b Prepare Cost Sheet for the month of March 2025 from the following information:

| | |
|------------------------------------|----------------------|
| Direct material consumed | Rs.50,000 |
| Direct Labour | Rs.30,000 |
| Direct expenses | Rs.5,000 |
| Factory overheads | 60% of Direct labour |
| Administration overheads | Rs.10,000 |
| Selling and distribution overheads | Rs. 8000 |
| Profit - 20% on cost. | |

- 7 a From the following information available from Bin Cards No.10 and 11 for the year 2023, Show Inventory Turnover Ratio.

| | Material X | Material Y |
|---------------|------------|------------|
| Opening stock | 3,25,000 | 9,00,000 |
| Purchases | 12,00,000 | 20,50,000 |
| Closing stock | 1,50,000 | 4,50,000 |

OR

- b Sketch the re-ordering level from the following information:

Maximum Consumption = 4000 Units per day
Minimum Consumption = 2750 Units per day
Re-order Period = 7 to 9 days

Cont...

- 8 a Calculate wages based on Time Rate Method

Anuj Ltd, provides the following data in respect of its workers 'X'.

Normal Rate per hour is Rs.4.00

Normal Piece rate is 25% more of time rate.

Expected output is 50 units per hour.

Worker 'X' produces 395 units in an 8-hour day.

OR

- b Outline the concept of time keeping and time booking.

- 9 a A product passes through two processes, Process A and Process B, before it is completed. The following information is available for Process A for the month of January:

| Particulars | Amount (Rs.) |
|---------------------------------|--------------|
| Raw Materials | 10,000 |
| Direct labour | 6,000 |
| Direct expenses | 2,000 |
| Normal loss | 10% of input |
| Units introduced | 1,000 units |
| Scrap value per unit (loss) | Rs.1.00 |
| Output transferred to Process B | 900 units |

Prepare Process A account

OR

- b A contractor started a contract on 1st January 2024 for Rs.5,00,000. The following information relates to the contract for the year ending 31st December 2024:

Materials Purchased Rs.80,000, Wages paid Rs.60,000, Direct expenses

Rs.10,000, Plant purchased for the site Rs.30,000, Material at site (closing)

Rs.5000, Work certified Rs.2,00,000, Work uncertified Rs.10,000, Cash received

(80% of work certified) Rs.1,60,000, Depreciation on plant Rs.6,000.

Show Contract account.

- 10 a ABC Ltd. produces a single product. The following details are given:

Selling Price per unit = Rs.50

Variable Cost per unit = Rs. 30

Fixed Costs per month = Rs. 40,000.

Sketch the Break-even Point in units and Break-even Sales (in Rs.)

OR

- b Atul Ltd. provides the following information:

Selling Price per unit = Rs.100, Variable Cost per unit = Rs.60, Fixed Costs =

Rs.1,20,000, Actual Sales = Rs.4,00,000. Calculate Break even sales, Margin of Safety

(Rs.) and Margin of Safety (%)

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 a Highlight the purpose of preparing tenders and quotations in cost accounting.

OR

Cont...

- 11 b The accounts of Zoho Manufactures Ltd. for the year ended 31st December 2023 show the following. Trace Cost Sheet for the year ended 31.12.2023

| | Rs. |
|------------------------------------|----------|
| Stock of material on 1.1. 2023 | 13,440 |
| Material purchased | 3,00,000 |
| Material returned to supplier | 4,000 |
| Direct labour | 1,00,000 |
| Direct expenses | 40,000 |
| Factory expenses | 30,600 |
| Office and administrative expenses | 16,000 |
| Selling and distribution expenses | 15,800 |
| Stock of materials on 31.12.2023 | 15,440 |
| Profit | 20,000 |

- 12 a Zulu Ltd furnishes the following stores transactions for July 2024.

| | |
|---|----------------------------|
| July 1 Opening Balance | 400 Units @ Rs.10 Per Unit |
| July 5 Receipts from Vinay Ltd G.R.N No: 12 | 600 Units @ Rs.12 per Unit |
| July 8 Issues reg. No. 22 | 800 Units |
| July 11 Receipts from Athul Ltd GRN No: 13 | 800 units @ Rs.14 per Unit |
| July 20 Issues reg., No. 23 | 600 Units |
| July 23 Receipts from Mounish Ltd .GRN No: 14 | 400 Units @ Rs.16 per Unit |
| July 29 Issues Re., No: 24 | 400 Units |
| July 30 Issues Reg., No: 25 | 200 Units |
| Summarize Stores Ledger using FIFO Method. | |

OR

- b Material X is used as follows:

Maximum usage in a month = 300 Units
 Minimum Usage in a month = 200 Units
 Normal Usage in a month = 220 Units
 Re-order period: Maximum 3 months, minimum 1 month
 Re-order quantity: 800 Units
 Maximum Re-order Period for emergency purchase is 15 days.
 Infer: (i) Re-order level (ii) Maximum Level (iii) Minimum level
 (iv) Average stock level (v) Danger Level

- 13 a In a factory, the standard output per day is 50 units. The piece rate is Rs.5 per unit. Taylor's differential piece rate system is used with the following rates:
- 80% of the piece rate is paid if a worker produces less than standard output.
 - 120% of the piece rate is paid if the worker produces equal to or more than the standard output.
- Worker A produces 45 units,
 Worker B produces 60 units in a day.
 Identify the earnings of both workers using Taylor's Differential Piece Rate System.

OR

- b Discuss the concept of overheads? Outline the classification of overheads in detail

- 14 a XYZ Ltd. has the following information for 2 jobs:

| Particulars | Job (A) (Rs.) | Job B (Rs.) |
|---|---------------|-------------|
| Direct Material | 15,000 | 20,000 |
| Direct labour | 10,000 | 12,000 |
| Factory Overhead is applied at 50% of Direct Labour | | |
| Selling & Admin Overhead is applied at 20% of Factory Cost | | |
| Profit is 25% of Cost. Analyse Total Cost and Selling Price for each job. | | |

OR

Cont...

- 14 b Process 1 cost:
 Direct Material: Rs.25,000
 Direct Labour: Rs.15,000
 Overheads: Rs.10,000
 Units introduced: 2,000
 Normal loss: 5%
 Scrap value of loss: Rs.3/unit
 Units transferred to Process 2: 1,850
 Identify:

1. Cost per unit
2. Total cost transferred to Process 2
3. Value of normal loss

- 15 a From the following information, Identify

- i) P/V Ratio ii) Break Even Sales iii) Margin of Safety

Sales Rs.10,00,000; Fixed cost Rs.1,50,000; Variable Cost Rs.2,50,000; selling price per unit Rs.2,000. You are also required to identify the Sales to earn a profit of i) Rs.19,00,000 ii) Rs.14,00,000

OR

- b A company shows the following results for two periods:

| Period | Sales | Profit |
|-----------|------------|----------|
| I Period | Rs. 20,000 | Rs.1,000 |
| II period | Rs. 10,000 | Rs.400 |

Examine (i) P/V ratio (ii) Fixed cost
 (iii) BEP and (iv) Profit when sales are Rs.10,000

Z-Z-Z

END