23COU308N/ 23COE308N/ 23COE308/ 23AFU308N/ 23CRM308N/ 23BPU308N/ N19BPU08

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025
(Third Semester)

Common to Branches – **COMMERCE/ e- COMMERCE/ COMMERCE (A&F)/ COMMERCE (RM)/ COMMERCE (BPS)**

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	Direct material, direct labor, and direct expenses together are known as ---------- a) Prime Cost b) Works Cost c) Total Cost d) Overheads	K1	CO1
	2	The cost unit in the cement industry is --------- a) Per liter b) Per kilogram c) Per ton d) Per square meter	K2	CO1
2	3	---------- is a primary objective of material control in cost accounting. a) To increase production costs b) To ensure an uninterrupted supply of materials c) To minimize sales d) To increase material wastage	K1	CO2
	4	FIFO method is most suitable when ---------- a) Prices are rising b) Prices are constantly fluctuating c) Prices are falling d) There is no price change	K2	CO2
3	5	Idle time wages are considered as ---------- a) Direct labour cost b) Factory overhead c) Selling and distribution overhead d) Administrative expenses	K1	CO3
	6	The method of apportioning overheads based on the benefit received by different departments is called ---------- a) Allocation b) Absorption c) Apportionment d) Distribution	K2	CO3
4	7	Operating costing is also known as---------- a) Job costing b) Contract costing c) Batch costing d) Service costing	K1	CO4
	8	Cost audit is conducted to ---------- a) Detect fraud in financial statements b) Verify cost accounts and ensure cost efficiency c) Ensure compliance with taxation laws d) Control financial transactions	K2	CO4
5	9	Which of the following industries is most likely to use Process Costing? a) Construction b) Printing Press c) Oil Refinery d) Furniture Making	K1	CO5
	10	By-products are ---------- a) The primary products of a process b) Products that cannot be sold c) Products with equal economic value d) Low-value secondary products obtained from production.	K2	CO5

Cont...

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.	Explain about objectives of Cost Accounting.	K2	CO1
		(OR)		
	11.b.	A manufacturing company provides the following details for the month of December; Raw Material Consumed: Rs.50,000 Direct Wages: Rs.30,000 Factory Overheads: Rs.20,000 Office & Administration Overheads Rs.10,000 Selling & Distribution Overheads: Rs.5,000 Profit: 20% on Cost Price Prepare a Cost Sheet showing the Total Cost of Production, Profit, and Sales Value.	K3	
2	12.a.	The following information pertaining to a firm is available: Annual Consumption – 12,000 unit (360 days) Cost per unit - Rs.1 Cost per order - Rs.12 Inventory Carrying Cost 20% p.a. Lead Time (Maximum, Normal and Minimum) 30-15-5 (days) Daily Consumption (Maximum, Normal and Minimum) 45-33-15 (units) Calculate Inventory Levels. a) Economic Ordering Quantity b) Re-order Level c) Maximum Stock Level d) Minimum Stock Level e) Average Stock Level	K2	CO2
		(OR)		
	12.b.	A manufacturing company uses a material control system to manage its inventory. The following data pertains to a particular raw material for the month of January 2025 Opening Stock (January 1): 500 units at ₹20 per unit Purchases: January 5: 1,000 units at ₹22 per unit January 15: 800 units at ₹24 per unit January 25: 600 units at ₹25 per unit Issues to Production: January 10: 700 units January 20: 900 units January 30: 500 units Using the First-In, First-Out (FIFO) method, prepare the Stores Ledger Account for January, showing the value of issues and the closing stock.	K3	

Cont...

3	13.a.	Calculate the normal and overtime wages payable to a workman from the following data: Days / Hours Worked: Monday 8; Tuesday 10; Wednesday 9; Thursday 11; Friday 9; Saturday 4; Total 51 Hours Normal working hours: Eight per day, normal rate – Re.0.50 per hour. Overtime Rate: Upto 9 hours in a day at single rate and over 9 hours in a day at double rate (or) 48 hours in a week at single rate and over 48 hours at double rate, whichever is more beneficial to the workmen.	K4	CO3
		(OR)		
	13.b.	A company employs a worker with the following details: Standard time allotted for a task: 10 hours Actual time taken by the worker: 8 hours Hourly wage rate: Rs.15 Calculate the total earnings of the worker under the following incentive schemes: 1. Halsey Premium Plan (with a 50% sharing rate) 2. Rowan Premium Plan 3. Taylor's Differential Piece Rate System (with standard output of 5 units per hour, piece rate below standard at Rs.2 per unit, and above standard at Rs. 3 per unit)	K5	
4	14.a.	Compute cost per running kilometer from the following data of a truck. Estimated life of vehicle 1,00,000 kms; Annual running 15,000 kms. Cost of Vehicle Rs. 25,000.00 Road License (Annual) 750.00 Insurance (Annual) 700.00 Carriage Rent (Annual) 900.00 Supervision & Salaries (Annual) 2,700.00 Driver's wages per hour 3.00 Cost of fuel per litre 3.00 Repairs and maintenance per k.m. 1.75 Tyre allocation per k.m. 0.90 Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 kms per hour on an average and one litre of fuel gives 20 km.	K4 K3	CO4
		(OR)		
	14.b.	How do cost reports help in evaluating production efficiency?		
5	15.a.	A product passes through two processes X and Y before it is finished and transferred to stock. In both the processes 10% of the weight put in is lost. An additional 20% is scrapped which realise Rs.10 per ton and Rs.15 per ton respectively from processes X and Y. The following data is obtained for the month of November 2022. Materials Consumed / Process I 1,000 tons Rs. / Process II100 tons Rs. Cost per ton of material: 20 / 30 Wages: 10,000 / 12,000 Works Expenses: 7,000 / 8,400 Prepare process accounts showing cost of the output of each process and cost per ton.	K4	CO5
		(OR)		

	15.b.	The following differences are noted while reconciling the cost and financial accounts of a company: Factory overhead under-absorbed in cost accounts ₹4,500. Depreciation charged in financial accounts ₹15,000, but in cost accounts ₹10,000. Selling expenses included only in financial accounts ₹7,500. Interest on investments recorded only in financial accounts ₹5,000. Opening stock value in cost accounts ₹50,000, but in financial accounts ₹48,000. The profit as per cost accounts is ₹2,00,000. Prepare a reconciliation statement.	K5	CO5

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>Enumerate about the methods of costing.</td><td>K3</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>XY Ltd. purchased and issued the materials in the following order:
2021
March 1 Purchased 300 units at Rs.3 per unit
5 Purchased 500 units at Rs.4 per unit
10 Issued 500 units
12 Purchased 700 units at Rs.4.50 per unit
15 Issued 700 units
20 Purchased 300 units at Rs.5 per unit
30 Issued 150 units
Ascertain the quantity of closing stock as on 31st march and state its value under "Weighted Average Cost" method.</td><td>K3</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>Sarem Company Limited has two production and two service departments namely P1, P2 and S1, S2 respectively. From the following information, Prepare a statement showing Primary Distribution of Overheads:
<table>
<tr><th>Particulars</th><th>P1</th><th>P2</th><th>S1</th><th>S2</th></tr>
<tr><td>Area Occupied (Sq.feet)</td><td>1,000</td><td>800</td><td>200</td><td>400</td></tr>
<tr><td>Assets Value (Rs.'000)</td><td>200</td><td>100</td><td>60</td><td>20</td></tr>
<tr><td>No. of workers</td><td>80</td><td>40</td><td>40</td><td>20</td></tr>
<tr><td>Light Points</td><td>20</td><td>12</td><td>4</td><td>4</td></tr>
<tr><td>H.P of machine</td><td>20</td><td>10</td><td>8</td><td>2</td></tr>
<tr><td>Direct Wages (Rs.'000)</td><td>20</td><td>16</td><td>10</td><td>6</td></tr>
<tr><td>Direct materials (Rs.'000)</td><td>30</td><td>20</td><td>6</td><td>4</td></tr>
</table>
Total expenses and charges during the period ended are:
<table>
<tr><th>Particulars</th><th>Rs.</th></tr>
<tr><td>Rent, Rates & Taxes</td><td>18,000</td></tr>
<tr><td>Power</td><td>12,500</td></tr>
<tr><td>Insurance</td><td>9,500</td></tr>
<tr><td>Depreciation</td><td>38,000</td></tr>
<tr><td>Canteen Expenses</td><td>5,400</td></tr>
<tr><td>Electricity</td><td>3,600</td></tr>
<tr><td>Indirect Materials</td><td>6,000</td></tr>
<tr><td>Indirect Wages</td><td>10,400</td></tr>
<tr><td>Repairs & Maintenance</td><td>19,000</td></tr>
<tr><td>Sundries</td><td>5,200</td></tr>
</table></td><td>K5</td><td>CO3</td></tr>
</table>

Cont...

4	19	A bus service company operates a single bus on a fixed route for the month of April. The following cost details are available: Fixed Costs: Bus depreciation: Rs. 40,000; Insurance: Rs.10,000 Other fixed expenses: Rs.5,000 Variable Costs (per km): Fuel cost: Rs.4; Driver wages: Rs.2; Other variable expenses: Rs.1 Distance Traveled: Total kilometers in April: 20,000 km; Revenue-earning kilometers: 16,000 km Calculate the operating cost per revenue-earning kilometer.	K4	CO4
5	20	A company processes 20,000 units of raw material, producing both a main product and a by-product. The following information is available: Input: 20,000 units Normal loss: 10% of input (scrap value Rs.2 per unit) By-product output: 2,000 units (selling price Rs.20 per unit) Total process cost: Rs.4,00,000 The company apportions joint costs between the main product and the by-product based on sales value. The sales value of the main product is Rs.30 per unit, and the by-product is sold at Rs.20 per unit. Calculate the cost of the by-product and the cost per unit of the main product.	K5	CO5

Z-Z-Z END