

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION DECEMBER 2025  
(Third Semester)**

**Branch – PROFESSIONAL ACCOUNTING**

**COST & MANAGEMENT ACCOUNTING - I**

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	The most important purpose of cost accounting system is to ..... a) Fix salary of employees      b) help in inventory valuation c) provide information to management for decision making d) earn extra profits	K1	CO1
	2	Elements of Cost of a product are a) Material only      b) Labour only c) Expenses only      d) Material, Labour and expenses	K2	CO1
2	3	Under ABC analysis 'C' stands for a) High value items      b) Less value items c) more number of items      d) Less number of items	K1	CO2
	4	Which one out of the following is not an inventory valuation method? a) FIFO      b) LIFO      c) Weighted Average      d) EOQ	K2	CO2
3	5	Piece wage system a) benefits the employer only      b) recognizes individual efficiency c) is favoured by trade unions      d) loss to the employer	K1	CO3
	6	When overtime is required for meeting urgent orders, overtime premium should be charged to a) costing profit and loss account      b) overhead costs c) respective jobs      d) profit and loss account	K2	CO3
4	7	Absorption means a) charging of overheads to cost centres b) charging of overheads to cost units c) allocation of overheads to cost centres      d) allocation to cost unit	K1	CO4
	8	The expenses incurred over and above the prime cost are known as a) overhead expenses      b) direct expenses c) total expenses      d) factory expenses	K2	CO4
5	9	In a job cost system, costs are accumulated a) by specific job      b) by department or process c) on a monthly basis      d) on process	K1	CO5
	10	With every increase in the size of the batch a) setting up cost per unit decrease      b) setting up cost per unit increase c) setting up cost per unit remains constant d) carrying cost per unit increases	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.	K4	CO1
		(OR)		
	11.b.	Discover the cost and selling price from the following: Material consumed – Rs.6000 Wages paid – Rs.9000 Works on cost 50% on wages Office on cost 20% on work cost Selling on cost 10% on work cost Profit 20% on cost		

Cont...

2	12.a.	Annual consumption – 3600 kg Cost of placing and receiving per order Rs.1000 Annual carrying cost per kg Rs.20 Discover : EOQ	K4	CO2
	(OR)			
	12.b.	Maximum consumption 400 units per week Reorder period 4 to 6 weeks Normal consumption 300 units per week Minimum consumption 250 units per week Reorder quantity 1500 units Discover : Reorder level, Maximum level, Minimum level		
3	13.a.	Estimate the earnings of the worker Ajay under time wages system. Standard time – 48 hours Time spend – 40 hours Hourly rate Rs.15 Dearness allowance per hour Rs.5	K5	CO3
	(OR)			
	13.b.	Estimate the cash required for payment of wages in a particular month Normal wages – 20500 Overtime wages – 2200 Leave wages – 1700 Deduction of employees share to state insurance contribution - 500 Deduction for employees contribution to PF -1600 House rent to be recovered from employees -3000		
4	14.a.	Determine the basis for apportioning the following expenses to different departments i) Labour Medical expenses ii) Factory supervision expenses iii) Gas and water expenses iv) Machine depreciation v) Lighting expenses vi) Advertising expenses vii) Fire insurance of stock	K5	CO4
	(OR)			
	14.b.	The following details pertain to the production department of a factory Material consumed – Rs.60000 Direct wages – Rs.40000 Machine Hours – 50000 Labour hour worked – 25000 Factory overheads relating to the department – Rs.50000 Determine overhead absorption rates under different possible methods from the above details.		
5	15.a.	The following data is available in respect of Job No.876 Direct materials Rs.20000 Wages 160 hours at Rs.50 per hour Variable overheads incurred for all jobs Rs.80,000 for 2000 labour hours. Fixed overheads are absorbed at Rs.20 per hour Estimate the profit or loss from the job if the job is billed for Rs.40000	K6	CO5
	(OR)			
	15.b.	Following information related to the manufacturing of a component in a cost centre Cost of material – 6 paise per component Operators wages – 72 paise an hour Machine hour rate – Rs.1.50 Setting up time of the machine 2 hours and 20 minutes Manufacturing time 10 minutes per component You are required to design a cost sheet showing both production and setting up cost total and per unit, when the batch consists of 100 components		

**SECTION -C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	List the steps to be taken for the installation of a costing system and explain.	K4	CO1

Cont...

2	17	<p>From the following information relating to a type of raw material is available</p> <p>Annual demand 2400 units</p> <p>Unit price Rs.2.40</p> <p>Ordering cost per order Rs.4</p> <p>Storage cost 2% per annum</p> <p>Interest rate 10% per annum</p> <p>Lead time half month</p> <p>Discover economic order quantity and total amount of inventory cost in respect of the particular raw material</p>	K4	CO2																																										
3	18	<p>Calculate the earnings of two employees M and N from the following particulars for a month and allocate the earnings of each Job I, Job II and Job III</p> <table><tr><td></td><td>M</td><td>N</td></tr><tr><td>Basic wages</td><td>Rs.1000</td><td>Rs.1500</td></tr><tr><td>DA</td><td>80%</td><td>80%</td></tr><tr><td>Provident fund (on basic wages)</td><td>6%</td><td>6%</td></tr><tr><td>Employees state insurance (on basic wages)</td><td>4%</td><td>4%</td></tr><tr><td>Overtime</td><td></td><td></td></tr><tr><td>Idle time and Leave</td><td>18 hrs</td><td>20 hrs</td></tr></table> <p>The normal working hours for a month are 200. Overtime is paid at double rate the normal wages and dearness allowance. Employers contribution to state insurance and provident fund are at equal rate with employee's contribution. The month contains 25 working days and one paid holiday. The two workers were employed on Job I, II and III in the following proportions.</p> <table><tr><td>Job</td><td>I</td><td>II</td><td>III</td></tr><tr><td>Workers M</td><td>40</td><td>120</td><td>40</td></tr><tr><td>Workers N</td><td>110</td><td>40</td><td>50</td></tr></table> <p>Overtime was done on Job III</p>		M	N	Basic wages	Rs.1000	Rs.1500	DA	80%	80%	Provident fund (on basic wages)	6%	6%	Employees state insurance (on basic wages)	4%	4%	Overtime			Idle time and Leave	18 hrs	20 hrs	Job	I	II	III	Workers M	40	120	40	Workers N	110	40	50	K5	CO3									
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4	19	<p>Suresh Ltd. has three production departments A, B and C and two service departments D and E. The following figures are extracted from the records of the company.</p> <p>Rent and rates -Rs.5000</p> <p>Indirect wages-Rs.1500</p> <p>Depreciation of machinery - Rs.10000</p> <p>General lighting-Rs.600</p> <p>Power - Rs.1500</p> <p>Sundries - Rs.10000</p> <p>Following further details are available:</p> <table><tr><td>Particulars</td><td>Total</td><td>A</td><td>B</td><td>C</td><td>D</td><td>E</td></tr><tr><td>Floor space in square feet</td><td>10000</td><td>2000</td><td>2500</td><td>3000</td><td>2000</td><td>500</td></tr><tr><td>Light points</td><td>60</td><td>10</td><td>15</td><td>20</td><td>10</td><td>5</td></tr><tr><td>Direct wages (Rs.)</td><td>10000</td><td>3000</td><td>2000</td><td>3000</td><td>1500</td><td>500</td></tr><tr><td>H.P. of machines</td><td>150</td><td>60</td><td>30</td><td>50</td><td>10</td><td>-</td></tr><tr><td>Value of machinery</td><td>250000</td><td>60000</td><td>80000</td><td>100000</td><td>5000</td><td>5000</td></tr></table> <p>Apportion the cost to various departments on the most equitable basis for preparing a primary departmental distribution summary.</p>	Particulars	Total	A	B	C	D	E	Floor space in square feet	10000	2000	2500	3000	2000	500	Light points	60	10	15	20	10	5	Direct wages (Rs.)	10000	3000	2000	3000	1500	500	H.P. of machines	150	60	30	50	10	-	Value of machinery	250000	60000	80000	100000	5000	5000	K5	CO4
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5	20	<p>The following data from the costing records of Samarth Industries Ltd in respect of Job No. 76:</p> <p>Materials consumed Rs. 6,000</p> <p>Wages:</p> <p>Cutting Department 20 hours at Rs. 40 per hour</p> <p>Shearing Department hours 10 at Rs. 40 per hour</p> <p>Boring Department 5 hours at Rs. 60 per hour</p> <p>Variable overheads for the respective departments are estimated as follows:</p> <p>Cutting Department Rs. 40,000 labour hours for 2000 labour hours.</p> <p>Shearing Department Rs. 20,000 for 2,500 Direct labour hour</p> <p>Boring Department Rs. 10,000 for 400 Direct labour hours</p> <p>Fixed overheads are estimated at Rs. 1,00,000 for 20,000 normal working hours</p> <p>You are required to ascertain the cost of job No. 76 and calculate the price to be charged so as to give a profit of 20% on cost.</p>	K6	CO5																																										

