

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(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 helps management in: a) Decision making b) Auditing c) Legal compliance only d) Bookkeeping	K1	CO1
	2	Cost ledger is used to: a) Record financial transactions b) Record cost transactions c) Audit accounts d) Tax calculation	K2	CO1
2	3	Maximum stock level indicates: a) Minimum quantity b) Average stock c) Highest quantity to be maintained d) Safety stock	K1	CO2
	4	ABC analysis is based on: a) Quantity of items b) Value of items c) Size of items d) Nature of items	K2	CO2
3	5	Time keeping refers to: a) Recording attendance of workers b) Recording time spent on jobs c) Calculating wages d) Recording production	K1	CO3
	6	Halsey plan is a: a) Time rate system b) Incentive plan c) Piece rate system d) Salary system	K2	CO3
4	7	Apportionment of overhead means: a) Charging entire cost b) Sharing cost among departments c) Ignoring cost d) Calculating profit	K1	CO4
	8	Over absorption occurs when: a) Absorbed overhead < actual overhead b) Absorbed overhead > actual overhead c) Both are equal d) No overhead	K2	CO4
5	9	Batch costing is an extension of: a) Process costing b) Job costing c) Contract costing d) Operating costing	K1	CO5
	10	Escalation clause is included to: a) Reduce cost b) Increase profit c) Adjust contract price due to cost increase d) Avoid loss	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.	Define Cost Accounting. State its objectives.	K3	CO1
		(OR)		
	11.b.	From the following particulars, prepare a Cost Sheet and find the Cost of Sales and Profit: Direct Materials = 50,000 Direct Labour = 30,000 Direct Expenses = 10,000 Factory Overheads = 50% of Direct Labour Office Overheads = 20% of Factory Cost Selling & Distribution Overheads = 15,000 Sales = 1,50,000		

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2	12.a.	Annual demand = 10,000 units Ordering cost = 50 per order Carrying cost = 2 per unit per year Calculate EOQ	K4	CO2
	12.b.	(OR) Analyse from the following particulars write up Stores Ledger under LIFO APR. 1 Stock in hand 500 units at Rs.20 3 Issued 200 units 3 Purchased 150 units at Rs.22 4 Issued 100 units 5 Purchased 200 units at Rs.25 6 Issued 300 units 6 Returns to Store 10 units (issued on 4 th Dec.) 7 Issued 100 units 8 Issued 50 units On 10 th , it was noticed that there is a shortage of 10 unit.		
3	13.a.	In a factory: Number of workers at beginning = 800 Number of workers at end = 1,000 Number of workers left = 100 Number of workers recruited = 300 Calculate labour turnover using: 1. Separation method 2. Replacement method 3. Flux method	K3	CO3
	13.b.	(OR) A worker is paid Rs.100 per hour. Standard time = 10 hours Actual time = 7 hours Bonus under Halsey scheme = 50% Idle time = 1 hour Calculate total earnings and efficiency.		
4	14.a.	A factory has three departments: Production Departments: P1 and P2 Service Department: S1 The overheads collected are Rs.30,000 and are to be distributed as follows: Primary Distribution (Apportionment Ratios) Department Ratio P1 4 P2 3 S1 3 Secondary Distribution (Service Department S1) S1 overhead is redistributed to P1 and P2 in the ratio 2 : 1 P1: 5,000 labour hours P2: 4,000 labour hours You are required to calculate 1. Apportion overheads to all departments 2. Redistribute service department cost (Direct Method). 3. Calculate Labour Hour Rate for P1 and P2	K2	CO4
	14.b.	(OR) A machine shop provides the following data for a machine: Cost of machine = Rs.1,00,000 Scrap value = Rs.10,000 Effective working life = 10,000 hours Annual working hours = 2,000 hours Repairs & maintenance = Rs.10,000 Power = Rs.5 per hour Rent & rates = Rs.20,000 (machine occupies 1/4th area) Supervisor salary = Rs.24,000 (1/3rd time spent on this machine) Calculate Machine Hour Rate		
5	15.a.	A job has the following costs: Direct materials = Rs.10,000 Direct labour = Rs.8,000 Direct expenses = Rs.2,000 Factory overhead = 50% of labour Administration overhead = 20% of works cost Calculate Prime cost and total job cost	K3	CO5
		(OR)		

5	15.b.	Contract price = Rs.2,00,000 Cost incurred = Rs.1,20,000 Work certified = Rs.1,50,000 Cash received = 80% of work certified Calculate Notional Profit and calculate amount of profit transferred to profit and loss account	K3	CO5
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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	Explain the difference between cost accounting and management accounting.	K3	CO1												
2	17	The components A and B are used as follows: Normal usage - 300 units per week each Maximum usage - 450 units per week each Minimum usage - 150 units per week each Reorder Quantity - A 2,400 units; B 3,600 units. Reorder period - A 4 to 6 weeks, B 2 to 4 weeks. Calculate for each component: (a) Re-order Level (b) Minimum Level (c) Maximum Level (d) Average Stock Level	K4	CO2												
3	18	A factory employs 50 workers. The following information relates to the month of March: Standard working hours per worker: 8 hours/day for 25 days Actual hours worked per worker: 180 hours Wage rate: Rs.80 per hour Overtime is paid at 1.5 times the normal rate Total idle time: 500 hours (normal) Incentive Scheme (Halsey Plan – 50%) Standard time allowed for production: 10,000 hours Actual time taken: 9,000 hours 1. Calculate Total Labour Cost (including idle time and overtime) 2. Calculate Bonus under Halsey Plan 3. Calculate Total Earnings of Workers	K4	CO3												
4	19	A factory has: Production Departments: P1 and P2 and Service Departments: S1 and S2 Total overheads = Rs.60,000 Primary Distribution <table><tr><th>Department</th><th>Ratio</th></tr><tr><td>P1</td><td>44</td></tr><tr><td>P2</td><td>33</td></tr><tr><td>S1</td><td>22</td></tr><tr><td>S2</td><td>11</td></tr></table> <u>Secondary Distribution (Repeated Distribution Method)</u> S1 distributes to P1, P2, S2 in ratio 2 : 1 : 1 S2 distributes to P1, P2, S1 in ratio 1 : 2 : 1 Actual overheads incurred = Rs.62,000 You are required to calculate 1. Apportion overheads 2. Redistribute service department costs (Repeated Method) 3. Calculate Labour Hour Rate 4. Find Over/Under Absorption	Department	Ratio	P1	44	P2	33	S1	22	S2	11	K5	CO4		
Department	Ratio															
P1	44															
P2	33															
S1	22															
S2	11															
5	20	<table><tr><td></td><td>Process X</td><td>Process Y</td></tr><tr><td>Material consumed</td><td>6000</td><td>3000</td></tr><tr><td>Wages</td><td>7000</td><td>4000</td></tr><tr><td>Manufacturing expenses</td><td>2000</td><td>2000</td></tr></table> 10000 units were brought into process X, costing Rs.5000. The outputs were Process X – 9500 units Process Y – 8500 units Prepare process cost accounts showing the cost of the output.		Process X	Process Y	Material consumed	6000	3000	Wages	7000	4000	Manufacturing expenses	2000	2000	K5	CO5
	Process X	Process Y														
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