

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(Third Semester)

Branch – **COMMERCE/E-COMMERCE**

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 primarily helps in ----- a) Financial accounting b) Auditing c) External reporting d) Managerial decision making	K1	CO1
	2	Change in costs due to change in the level of activity is called ----- ----- a) Marginal cost b) Abnormal cost c) Differential cost d) Uncontrollable cost	K2	CO1
2	3	A bin card is used to ----- a) Record the quantity of materials purchased b) Record the quantity of materials issued and balance in hand c) Track the price of materials d) Prepare financial statements	K1	CO2
	4	Economic Order Quantity (EOQ) refers to ----- a) The quantity of materials required for one day's production b) The minimum quantity of materials to be ordered c) The optimal order quantity that minimizes total inventory costs d) The maximum amount of materials to be stored	K2	CO2
3	5	Under the Piece Rate System of wage payment, wages are based on ----- ----- a) Time worked by the employee b) Number of hours worked c) Number of units produced d) Fixed monthly salary	K1	CO3
	6	Overhead Absorption means ----- a) The method of charging overheads to cost units b) Allocating specific overhead costs to individual departments c) The method of estimating future overheads d) The method of charging cost to cost units	K2	CO3
4	7	Physical distance covered by a vehicle is measured in terms of a) Ton Kilometers b) Passenger Kilometers c) Vehicle days d) Running Kilometers or miles	K1	CO4
	8	Cost Reports are primarily used for ----- a) External financial reporting b) Taxation purposes c) Internal management decision-making d) Compliance with statutory requirements	K2	CO4
5	9	Abnormal Loss is treated in process costing by ----- a) Adding it to the cost of production b) Charging it to the profit and loss account c) Ignoring it d) Treating it as a normal part of production	K1	CO5
	10	Reconciliation statements are prepared to ----- a) Compare profits between cost and financial accounts b) Show the production cost of goods c) Adjust the income tax calculation d) Prepare budgets for the next year	K2	CO5

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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.	Outline the limitations in cost accounting with examples?	K2	CO1																					
		(OR)																							
	11.b.	From the following information prepare a cost sheet for the month of January.<table><tr><td>Stock of Raw materials on 1st January</td><td>25,000</td></tr><tr><td>Stock of Raw materials on 31st January</td><td>26,200</td></tr><tr><td>Purchase of Raw Materials</td><td>21,900</td></tr><tr><td>Carriage on purchases</td><td>1,100</td></tr><tr><td>Sale of finished goods</td><td>72,300</td></tr><tr><td>Direct wages</td><td>17,200</td></tr><tr><td>Non-productive wages</td><td>800</td></tr><tr><td>Direct expenses</td><td>1,200</td></tr><tr><td>Factory overheads</td><td>8,300</td></tr><tr><td>Administrative overheads</td><td>3,200</td></tr><tr><td>Selling overheads</td><td>4,200</td></tr></table>	Stock of Raw materials on 1 st January	25,000	Stock of Raw materials on 31 st January	26,200	Purchase of Raw Materials	21,900	Carriage on purchases	1,100	Sale of finished goods	72,300	Direct wages	17,200	Non-productive wages	800	Direct expenses	1,200	Factory overheads	8,300	Administrative overheads	3,200	Selling overheads	4,200	K3
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2	12.a.	Find out the Economic Ordering Quantity (EOQ) and the frequency of the orders in terms of days from the following particulars: Annual Usage = Rs.1,20,000 Cost of Placing and receiving one order = Rs.60 Annual Carrying Cost = 10% of Inventory Value	K2	CO2																					
		(OR)																							
	12.b.	From the following information. Calculate (i) Maximum stock level (ii) Minimum stock level (iii) Re-order level (iv) Average stock level Minimum consumption - 240 units per day Maximum consumption - 420 units per day Normal consumption - 300 umits per day Reorder quantity - 3600 units Reorder period - 10-15 days Normal reorder period - 12 days	K3	CO2																					
3	13.a.	Calculate Normal and Overtime wages payable to a workman from the following data:<table><tr><td>Days</td><td>Hours Worked</td></tr><tr><td>Monday</td><td>8</td></tr><tr><td>Tuesday</td><td>10</td></tr><tr><td>Wednesday</td><td>9</td></tr><tr><td>Thursday</td><td>11</td></tr><tr><td>Friday</td><td>9</td></tr><tr><td>Saturday</td><td>4</td></tr></table>Normal Working Hours 8 hours per day Normal Rate Rs.2 per hour Overtime Rate Double the usual rate.	Days	Hours Worked	Monday	8	Tuesday	10	Wednesday	9	Thursday	11	Friday	9	Saturday	4	K3	CO3							
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Saturday	4																								
		(OR)																							
	13.b.	The output of the worker 'A' is 60 units in a 40 hour week. Guaranteed time rate is Rs.5 per hour. Ordinary piece rate is Rs. 2 per units Show earnings of worker A under time rate and piece rate system.	K4	CO3																					

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4	14.a.	Kamal Construction Ltd. undertook a contract for the construction of a college building. Materials purchased Rs.60,000; Materials supplied from stores Rs.15,000; Materials returned to stores Rs.1,500; Materials cost Rs.3,000 were stolen. Materials worth Rs.300 destroyed by fire, materials cost Rs.1,200 were sold for Rs.1,000; materials in hand Rs.12,000; materials worth Rs.25,000 were received from Cinema contract which was completed. Materials of Rs.750 were transferred to a Hospital Contract. Show how these transactions will appear in the Contract A/c.	K5	CO4
	(OR)			
	14.b.	Give your opinion on objectives and common types of audit reports.		
5	15.a.	600 kg of material was charged to process I at the rate of Rs.4/- kg. The direct labour accounted for 200 and the other departmental expenses amounted Rs.760. The normal loss is 10% of input and the net production was 500 kg. Assume that process scrap is saleable at Rs.2 per kg. Prepare process I account and abnormal loss account.	K5	CO5
	(OR)			
	15.b.	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.		

SECTION -C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks

(3 × 10 = 30)

ALL questions carry EQUAL Marks (5 × 10 = 50)

Module No.	Question No.	Question	K Level	CO																														
1	16	Prepare a cost sheet showing cost of production and profit from the following data:	K3	CO1																														
		<table> <tr> <td></td> <td>Opening</td> <td>Closing</td> </tr> <tr> <td></td> <td>Rs.</td> <td>Rs.</td> </tr> <tr> <td>Stock of Raw materials</td> <td>75,000</td> <td>78,750</td> </tr> <tr> <td>Work-in-progress</td> <td>24,600</td> <td>27,300</td> </tr> <tr> <td>Stock of finished goods</td> <td>52,080</td> <td>47,250</td> </tr> </table>				Opening	Closing		Rs.	Rs.	Stock of Raw materials	75,000	78,750	Work-in-progress	24,600	27,300	Stock of finished goods	52,080	47,250															
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		<table> <tr> <td></td> <td>Rs.</td> </tr> <tr> <td>Purchases for the year</td> <td>65,700</td> </tr> <tr> <td>Sales</td> <td>2,16,930</td> </tr> <tr> <td>Direct Wages</td> <td>51,450</td> </tr> <tr> <td>Works Expenses</td> <td>25,020</td> </tr> <tr> <td>Selling & Distribution Expenses</td> <td>12,630</td> </tr> <tr> <td>Scrap Sold</td> <td>990</td> </tr> <tr> <td>Office Expenses</td> <td>20,610</td> </tr> </table>				Rs.	Purchases for the year	65,700	Sales	2,16,930	Direct Wages	51,450	Works Expenses	25,020	Selling & Distribution Expenses	12,630	Scrap Sold	990	Office Expenses	20,610														
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2	17	Calculate the total value of closing stock using the FIFO method from the following transactions:	K4	CO2																														
		<table> <tr> <th>Date</th> <th>Details</th> <th>Quantity</th> <th>Unit Price</th> <th>Total Cost</th> </tr> <tr> <td>1st Jan</td> <td>Opening Stock</td> <td>100 units</td> <td>₹10/unit</td> <td>₹1,000</td> </tr> <tr> <td>5th Jan</td> <td>Purchase</td> <td>200 units</td> <td>₹12/unit</td> <td>₹2,400</td> </tr> <tr> <td>10th Jan</td> <td>Issue</td> <td>150 units</td> <td></td> <td></td> </tr> <tr> <td>15th Jan</td> <td>Purchase</td> <td>300 units</td> <td>₹14/unit</td> <td>₹4,200</td> </tr> <tr> <td>20th Jan</td> <td>Issue</td> <td>250 units</td> <td></td> <td></td> </tr> </table>			Date	Details	Quantity	Unit Price	Total Cost	1st Jan	Opening Stock	100 units	₹10/unit	₹1,000	5th Jan	Purchase	200 units	₹12/unit	₹2,400	10th Jan	Issue	150 units			15th Jan	Purchase	300 units	₹14/unit	₹4,200	20th Jan	Issue	250 units		
		Date			Details	Quantity	Unit Price	Total Cost																										
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3	18	A company has three production departments and two service departments; Overhead distribution summary is as follows: Production Departments A Rs.13,600 B Rs.14,700 C Rs.12,800 Service Departments X Rs.9,000 Y Rs.3,000 The expenses of service departments are charged on a percentage basis as given below: <table><tr><td></td><td>A</td><td>B</td><td>C</td><td>X</td><td>Y</td></tr><tr><td>Dept. X</td><td>40%</td><td>30%</td><td>20%</td><td>-</td><td>10%</td></tr><tr><td>Dept. Y</td><td>30%</td><td>30%</td><td>20%</td><td>20%</td><td></td></tr></table> Apportion the cost of service departments by using the repeated distribution method.		A	B	C	X	Y	Dept. X	40%	30%	20%	-	10%	Dept. Y	30%	30%	20%	20%		K5	CO3
	A	B	C	X	Y																	
Dept. X	40%	30%	20%	-	10%																	
Dept. Y	30%	30%	20%	20%																		
4	19	ABC Transport Company operates a bus between two towns which are 120 kilometers apart. The bus makes one round trip per day for 30 days in a month. The following expenses are incurred during the month: Cost of the bus: Rs.12,00,000 Depreciation rate: 10% per annum Salary of the driver and conductor: Rs.25,000 per month each Diesel cost: Rs.75 per litre (The bus runs 6 km per litre of diesel) Repairs and Maintenance: Rs.15,000 per month Road tax and insurance: Rs. 5,000 per month Other overheads: Rs.10,000 per month Seating capacity of the bus: 40 passengers Average passengers per trip: 36 passengers Find the cost per passenger kilometer.	K4	CO4																		
5	20	Mr. Ram Kumar produces the product 'Tom' which goes through three distinct processes. The following information is available from his accounts: <table><tr><td>Items</td><td>Process I</td><td>Process II</td><td>Process III</td></tr><tr><td>Direct Materials</td><td>10,000</td><td>6,000</td><td>4,000</td></tr><tr><td>Direct Wages</td><td>4,000</td><td>2,000</td><td>2,000</td></tr><tr><td>Direct Expenses</td><td>8,000</td><td>4,000</td><td>2,000</td></tr></table> Indirect expenses incurred are Rs.8,000 which are recovered on the basis of 100% of direct wages. You are required to prepare process accounts	Items	Process I	Process II	Process III	Direct Materials	10,000	6,000	4,000	Direct Wages	4,000	2,000	2,000	Direct Expenses	8,000	4,000	2,000	K3	CO5		
Items	Process I	Process II	Process III																			
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