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PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BSc DEGREE EXAMINATION MAY 2026
(Third Semester)

Branch – **COSTUME DESIGN & FASHION**

APPAREL 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 aims at: a) Recording financial transactions b) Maximizing profits c) Cost control and decision making d) Preparing tax returns	K1	CO1
	2	Which of the following is a direct cost? a) Rent b) Depreciation c) Raw material d) Admin salaries	K2	CO1
2	3	Which of these is used to convert SAM (standard minute) into sewing cost? a) Wastage factor b) Labour minute rate and line efficiency c) Dyeing cost d) Overhead absorption rate	K1	C2
	4	In garment costing, which element usually accounts for the largest share of cost? a) CMT b) Overheads c) Fabric cost d) Shipping	K2	C2
3	5	**Bin Card is maintained by:** a) Accounts Department b) Production Manager c) Storekeeper d) Purchase Department	K1	C3
	6	Perpetual inventory system helps in: a) Reducing sales b) Continuous stock monitoring c) Increasing stock levels d) Purchase Department	K2	C3
4	7	Which principle of budgeting emphasizes timely preparation and review? a) Flexibility b) Clarity c) Timeliness d) Standardization	K1	C4
	8	Which of the following is an objective of budgeting in apparel costing?** a) Increase stock b) Ignore cost variance c) Control cost and plan profits d) Overproduce garments	K2	C4
5	9	A high P/V Ratio indicates: a) High fixed cost b) Low profit c) High profitability d) High variable cost	K1	C5
	10	Contribution is calculated as: a) Sales – Fixed Costs b) Sales – Total Costs c) Sales – Variable Costs d) Variable Costs – Fixed Costs	K2	C5

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.	Compute the amount of office overhead Office salaries Rs 10,000 Stationary Rs 5,000 Audit fees 2,000 Advertising 9,000 Depreciation of office fittings 3,000	K 2	CO1
		(OR)		
	11.b.	From the following figures obtained from the costing records of product A ascertain the PRIME COST for the month of August 1997: Rs Opening stock of raw materials (1.8.97) - 10,000 Raw materials purchased - 80,000 Raw materials returned - 5,000 Carriage Inward for raw materials purchased – 4,000 Raw materials on 31.8.1997 - 6,000 Work-in progress at prime cost on 1.8.97 - 8,000 Work-in progress at prime cost on 31.8.97 - 4,000 Chargeable expenses - 10,000 Productive wages - 40,000		

Cont...

<table>
<tr><td rowspan="3">2</td><td>12.a.</td><td>Why is a buffer percentage added in fabric consumption?</td><td rowspan="3">K 2</td><td rowspan="3">CO2</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>12.b.</td><td>Outline the difference between cost estimation for knitted vs woven garments.</td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>Find the Economic Order Quantity from the following data:<table>
<tr><td>Actual consumption</td><td>18,000 units (per annum)</td></tr>
<tr><td>Cost per unit</td><td>Rs 1.50</td></tr>
<tr><td>Cost of placing order and processing the delivery</td><td>Rs 12 per order</td></tr>
<tr><td>Inventory carrying cost</td><td>20% of unit value</td></tr>
</table></td><td rowspan="3">K 2</td><td rowspan="3">CO3</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>13.b.</td><td>Find out the value of stock under FIFO
Opening stock : 400 units @ Rs 10 per unit
Purchase: 500 units @ Rs 11 per unit
Issue:600units</td></tr>
<tr><td rowspan="3">4</td><td>14.a.</td><td>Rajan supplies components to I.C.F on contract basis. For the year 2007, he agrees to supply 20,000 units at Rs 80 per uit. The following were his costs during 2006 for supply of 15,000 units.<table>
<tr><td>Material</td><td>Rs 8 per unit</td></tr>
<tr><td>Wages</td><td>Rs 22 per unit</td></tr>
<tr><td>Overheads</td><td>Rs 20 per unit (60% fixed)</td></tr>
<tr><td>Other expenses</td><td>Rs 5 (per unit) (100% fixed)</td></tr>
</table>Prepare budget for the year 2007 showing clearly the budgeted profit.</td><td rowspan="3">K 3</td><td rowspan="3">CO4</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>14.b.</td><td>Prepare production budget for product Z the quarter ending 31st march 2014;
Budgeted sales for the quarter-40,000 tons; Stock on 31st December 2013-8000 tons; Required stock on 31st March 2014-1000 tons.</td></tr>
<tr><td rowspan="3">5</td><td>15.a.</td><td>Determine the amount of variable cost from the following particulars;
Sales Rs.1, 50,000; Fixed Cost Rs.30, 000; Profit Rs.40, 000.</td><td rowspan="3">K 3</td><td rowspan="3">CO5</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>15.b.</td><td>Find a) profit volume ratio, b) Breakeven point c) profit when sales is Rs 12,00,000 d) Sales to earn profit of Rs 2,00,000 and e) Margin of safety<table>
<tr><td>Variable cost Rs 6,00,000</td><td>Net profits Rs 1,00,000</td></tr>
<tr><td>Fixed cost Rs 3,00,000</td><td>Sales Rs 10,00,000</td></tr>
</table></td></tr>
</table>

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>From the following prepare cost sheet of Sarojini limited<table>
<tr><td>particulars</td><td>Amount</td></tr>
<tr><td>Cost of raw materials consumed</td><td>25000</td></tr>
<tr><td>advertising</td><td>1000</td></tr>
<tr><td>depreciation on plant and machinery</td><td>1500</td></tr>
<tr><td>Factory office salaries</td><td>6000</td></tr>
<tr><td>Legal expenses</td><td>300</td></tr>
<tr><td>Supervisors salary</td><td>5500</td></tr>
<tr><td>Factory rates and allowances</td><td>1000</td></tr>
<tr><td>Carriage outwards</td><td>1500</td></tr>
<tr><td>Direct labour</td><td>20000</td></tr>
<tr><td>Bad debts</td><td>300</td></tr>
<tr><td>Office stationery</td><td>200</td></tr>
<tr><td>Rent and factory</td><td>2500</td></tr>
<tr><td>Office salaries</td><td>10000</td></tr>
<tr><td>Commission on sales</td><td>4000</td></tr>
<tr><td>Audit fees</td><td>300</td></tr>
<tr><td>Income tax</td><td>1500</td></tr>
<tr><td>Donation to charitable institutions</td><td>500</td></tr>
<tr><td>Purchase of new plant</td><td>10000</td></tr>
</table></td><td>K 4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>Discuss challenges and errors in apparel costing and how to mitigate them.</td><td>K 4</td><td>CO2</td></tr>
</table>

<table>
<tr><td>3</td><td>18</td><td>The following transactions occur in the purchase and issue of a material:
Jan.2 Purchased 4,000 units @ Rs. 4.00 per unit
Jan.20Purchased 500 units @ Rs. 5.00 per unit
Feb.5Issued 2,000units
Feb.10Purchased 6,000 units @ Rs. 6.00 per unit
Feb.12 Issued 4,000units
March2 Issued 1,000units
March5 Issued 2,000units
March 15 Purchased 4,500 units @ Rs. 5.50 per unit
March 20 Issued 3,000units
From the above, prepare the store ledger account by adopting FIFO method of charging material issue</td><td>K 4</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>The expenses budgeted for production of 1,000 units in a factory is furnished below:
<table>
<tr><th>Particulars</th><th>Per Unit Rs.</th></tr>
<tr><td>Material Cost</td><td>700</td></tr>
<tr><td>Labour Cost</td><td>250</td></tr>
<tr><td>Variable overheads</td><td>200</td></tr>
<tr><td>Selling expenses (20% fixed)</td><td>130</td></tr>
<tr><td>Administrative expenses (Rs. 2,00,000)</td><td>200</td></tr>
<tr><td>Total Cost</td><td>1,480</td></tr>
</table>
Prepare a budget for production of 600 units and 800 units assuming administrative expenses are rigid for all level of production</td><td>K 4</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>Find a) profit, b) profit volume ratio c) Breakeven point d) margin of safety e) volume of sales to earn profit of Rs 6,000 and f) Find profit if sales Rs 20,000.
Total fixed cost Rs 4,500; Total variable cost Rs 7,500 and Total sales Rs 15,000</td><td>K 4</td><td>CO5</td></tr>
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Z-Z-Z END