

Reg. No. :

Code No. : 31190 E Sub. Code : CMBE 52

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2025.

Fifth Semester

Banking and E-Commerce — Core

COST ACCOUNTING

(For those who joined in July 2021 and 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Cost accounting is mainly concerned with _____
- (a) Recording financial transactions
 - (b) Controlling cost
 - (c) Auditing accounts
 - (d) Tax compliance

2. The term "costing" refers to _____
- (a) Determining selling price
 - (b) Ascertainment of cost
 - (c) Financial reporting
 - (d) Investment decisions
3. EOQ stands for _____
- (a) Essential Order Quantity
 - (b) Economic Order Quantity
 - (c) Extra Order Quantity
 - (d) Equal Order Quantity
4. Which technique is used to classify materials based on value?
- (a) VED analysis (b) ABC analysis
 - (c) FSN analysis (d) HML analysis
5. Idle time is _____
- (a) Time workers spend on breaks
 - (b) Time not spent on productive work
 - (c) Overtime work
 - (d) Training time

6. Labour turnover measures _____
- (a) Rate of absenteeism
 - (b) Replacement of workers
 - (c) Total wages paid
 - (d) Idle time
7. Process costing is used in _____
- (a) Construction contracts
 - (b) Continuous production industries
 - (c) Job order industries
 - (d) Professional services
8. Normal loss is _____
- (a) Avoidable loss
 - (b) Unavoidable loss in production
 - (c) Abnormal wastage
 - (d) Scrap

9. Operating costing is used in _____

- (a) Manufacturing units
- (b) Service industries
- (c) Trading companies
- (d) Agricultural farms

10. Cost unit for a bus company is _____

- (a) Ton-km
- (b) Passenger-km
- (c) Vehicle hour
- (d) Driver wages

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain how Costing serves as an aid to management in decision-making.

Or

Page 4 Code No. : 31190 E

(b) Prepare Cost sheet from the following information :

	Rs.
Materials consumed	20,000
Wages	18,000
Works overhead charges	15,000
Office overhead charges	16,000
Selling overhead charges	4,000
Sales	1,00,000

In cost records works overhead charges are recorded at 100% wages and office overhead charges are recovered at 25% on work cost. Selling expenses are charged at 10% on sales.

12. (a) You are required to compute the E.O.Q and the frequency of the orders in terms of weeks, from the data given below :

Consumption of material per annum
Rs. 8,000

Ordering costs per order Rs. 25

Storage and Carrying cost per annum 10% of inventory value.

Or

Page 5 Code No. : 31190 E

(b) From the following particulars, calculate :

- (i) Re-order level
- (ii) Minimum level
- (iii) Maximum level

Normal usage 100 units per day

Minimum usage 60 units per day

Maximum usage 130 units per day

Economic order quantity 5,000 units

Re-order period 25 to 30 days.

13. (a) From the following data given by the Personnel Department calculate the labour turnover rate by applying :

- (i) Separation method
- (ii) Replacement Method
- (iii) Flux Method.

No. of workers on the payroll : At the beginning of the month 900 At the end of the month 1,100

During the month 10 workers left, 40 persons were discharged and 150 workers were recruited. Of these, 25 workers are recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

Or

Page 6 Code No. : 31190 E

(b) Calculate the total earnings and the rate earned per hour of three workmen under Rowan plan.

Standard time 20 hours.

Hourly rate of wages Rs. 4

Time taken by

A - 16 hours;

B - 10 hours;

C - 8 hours.

14. (a) Explain the term abnormal gain and abnormal loss.

Or

(b) Ajith & Co. produces a product through two process "A" and "B" During April, 2010, 5,000 units of finished products were produced and the following expenses were incurred :

Particulars	Process A Rs.	Process B Rs.
Material	10,000	7,000
Direct wages	25,000	20,000
Direct expenses	5,000	3,000

Overhead expenses amounted to Rs. 45,000 which are to be apportioned to the processes on the basis of direct wages. Raw materials worth Rs. 40,000 were issued to process A. Prepare the process accounts.

Page 7 Code No. : 31190 E

15. (a) From the following information, calculate kilometres and total passenger kilometres.

Number of busses : 8

Days operated in the month: 30

Trips made by each bus: 2

Distance of route : 60 kilometres long (one way)

Capacity of bus : 50 passengers

Normal passengers traveling : 80% of the capacity.

Or

- (b) From the following data, prepare a reconciliation statement :

	Rs.
Profit as per cost accounts	1,45,500
Works overheads under-recovered	9,500
Administrative overheads under-recovered	22,750
Selling overheads over-recovered	19,500
Over-valuation of opening stock in cost accounts	15,000

Page 8 Code No. : 31190 E

	Rs.
Over-valuation of closing stock in cost accounts	7,500
Interest earned during the year	3,750
Rent received during the year	27,000
Bad debts written off during the year	9,000
Preliminary expenses written off during the year	18,000

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain the importance of material, labour, and overhead as elements of cost.

Or

- (b) Materials :

	Rs.
Stock on (1.1.2008)	50,000
Purchase	7,50,000
Stock on (31.12.2008)	1,00,000
Wages	6,00,000

Page 9 Code No. : 31190 E

	Rs.
Direct expenses	3,00,000
Factory on cost	2,00,000
Office on cost	1,00,000
Value of opening stock	5,40,000
Selling overhead	20 per unit
Sales price	150 per unit
Number of units produced	19,000 units
Opening stock of finished goods	6,000 units
Closing stock of finished goods	5,000 units

Prepare a Cost sheet.

17. (a) Record the following transactions in Stores Ledger, pricing the materials under FIFO method.

May

- 1 Balance 50 units at Rs. 25 per unit
- 3 Received 300 units at Rs. 30 per unit
- 5 Issued 200 units
- 7 Issued 120 units

Page 10 Code No. : 31190 E

- 8 Received back 10 units (issued on 7th May)
- 10 Returned to Vendor 15 units purchased on 3rd May.
- 15 Received 200 units at Rs. 32
- 18 Issued 150 units
- 19 Issued 50 units

The stock verification found a shortage of 10 units on 20th.

Or

- (b) From the following transactions prepare stores ledger under LIFO method.

March 1 Opening balance 100 units at Rs. 50 each.

March 5 Received 500 units at Rs. 60 each.

March 6 Issued 300 units

March 9 Issued 200 units

March 27 Received 500 units at Rs. 50 each.

March 28 Issued 300 units.

March 30 Issued 250 units.

Page 11 Code No. : 31190 E

18. (a) Kumar Ltd. has three production departments P₁, P₂ and P₃ and two service departments S₁ and S₂. The following figures are extracted from the records of the company :

Rent and Rates Rs. 5,000 ; Indirect Wages Rs. 1,500 ; Depreciation of Machinery Rs. 10,000 ; General Lighting Rs. 600 ; Power Rs. 1,500 and Sundries Rs. 10,000.

Particulars	Total	P ₁	P ₂	P ₃	S ₁	S ₂
Floor space (square meters)	10,000	2,000	2,500	3,000	2,000	50
Light point	60	10	15	20	10	5
Direct wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines	150	60	30	50	10	—
Value of machinery (Rs.)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various departments on the most equitable basis by preparing a Primary Departmental Distribution Summary.

Or

- (b) Explain different methods of classification of overhead.

19. (a) A product passes through three processes A, B and C. The normal loss on each process is as follows :

Process A — 3%, Process B — 5% and Process C — 8%

Loss of Process A was sold at 25 paise per unit, that of B at 50 paise per unit and that of C at Re. 1.00 per unit. 10,000 units were introduced to process A at Re. 1.00 per unit. The other expenses were as follows :

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Materials	2,050	2,688	2,509
Labour	5,000	8,000	6,500
Actual output (in units)	9,500	9,100	8,100

Prepare the Process Accounts, assuming that there were no opening or closing stocks.

Or

- (b) Distinguish between wastage, scrap, and spoilage in process costing.

20. (a) Explain the various types of services for which operating costing method can be used.

Or

- (b) The following are the expenses incurred on a contract the price of which is Rs. 1,00,000. The contract commenced on 1st January 2005.

Particulars	Rs.
Materials purchased	6,000
Material issued from stores	5,000
Materials on hand	1,000
Wages	20,000
Plant issued	4,000
Direct expenses	5,000
Indirect expenses	5,000

The contract was completed in the first week of December and the contract price was duly received. Charge 10% depreciation p.a. on plant, and prepare the contract a/c an contractee's a/c.