

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2024 ONLY)

24PCC309

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI
END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2025

M.Com.-C.A
SEMESTER: III

MAXIMUM MARKS: 75
TIME : 3 HOURS

APPLIED COST ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. **Which of the following is not an objective of Cost Accounting?**
 - a) Cost control
 - b) Fixing selling price
 - c) Shareholder reporting
 - d) Cost ascertainment
2. **The minimum level of inventory is calculated as:_____.**
 - a) Reorder level + Normal usage × Normal delivery time
 - b) Reorder level - (Normal usage × Normal delivery time)
 - c) Maximum usage × Maximum delivery time
 - d) Average usage × Average delivery time
3. **Factory rent is an example of:_____.**
 - a) Direct expense
 - b) Work overhead
 - c) Administrative overhead
 - d) Selling overhead
4. **Unfavorable variance means:_____.**
 - a) Standard cost < Actual cost
 - b) Standard cost > Actual cost
 - c) Sales > Expected
 - d) Profits are higher than budgeted
5. **Notional profit is calculated as:_____.**
 - a) Total contract price – Estimated cost
 - b) Value of work certified – Cost of work certified
 - c) Work certified – Cost of contract to date
 - d) Value of work certified + Retention money

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. Define cost accounting.
7. What is idle time?
8. What are overheads?
9. What are the elements of cost?
10. What is contract costing?

(CONTD.....2)

SECTION – B**(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Explain the differences between cost accounting and financial accounting.

(OR)

b) Describe the key differences between cost accounting and management accounting.

12.a) From the following information, calculate:

(a) Maximum Stock Level**(b) Minimum Stock Level****(c) Reorder Level****(d) Average Stock Level**

Minimum consumption 240 units per day

Maximum consumption 420 units per day

Normal consumption 300 units per day

Reorder quantity 3,600 units

Reorder period 10 to 15 days

Normal reorder period 12 days.

(OR)b) Calculate **Economic Ordering Quantity** from the following particulars:

Annual requirement 1,600 units

Cost of Materials per unit Rs.40

Cost of placing and receiving one order Rs.50

Annual carrying cost of inventory. 10% of inventory value.

13.a) What are the bases for apportionment of expenses given below to the different departments?

(a). Depreciation on machinery

(b). Canteen expenses

(c). Labour welfare expenses

(d). Rent of Building

(e). Sale Expenses

(f). Electric Power

(OR)

b) GPS 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.

Particulars	Rs.
Rent and Rates	5,000
Indirect Wages	1,500
Dep. on Machinery	10,000
General Lighting	600
Power	1,500
Sundries	10,000

Following further details are available:

Particulars	Total	A	B	C	D	E
Floor Space in Square Feet	10,000	2,000	2,500	3,000	2,000	500
Light Points	60	10	15	20	10	5
Direct Wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
HP 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 cost to various departments on the most equitable basis by preparing a primary departmental distribution summary.

(CONTD.....3)

- 14.a) XYZ Ltd. produced 1,000 units of output.
- **Standard quantity** per unit = 5 kg
 - **Standard price** per kg = ₹10
 - **Actual quantity used** = 5,400 kg
 - **Actual price paid** = ₹11 per kg

Find:

1. Material Cost Variance (MCV)
2. Material Price Variance (MPV)
3. Material Usage Variance (MUV)

(OR)

- b) Standard labour hours per unit = 3 hours
- Standard rate = ₹60/hour
 - Actual hours worked = 3,200 hours
 - Actual rate paid = ₹55/hour
 - Output = 1,000 units

Find:

1. Labour Cost Variance (LCV)
2. Labour Rate Variance (LRV)
3. Labour Efficiency Variance (LEV)

15. a) Distinguish between Job Costing and Contract Costing.

(OR)

- b) Explain the different types of contracts in contract costing.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.

(K4 (Or) K5)

16. a) Following data are extracted from the books of Pavan for the year of 2024.

Opening Stock of Raw Materials	25,000	Wages indirect	10,000
Closing Stock of Raw Materials	40,000	Other direct charges	15,000
Purchase of Raw Materials	85,000	Rent & Rates: Factory	5,000
Carriage inwards	5,000	Office	500
Wages direct	75,000	Dep. on Plant	1,500
Indirect Consumption of Materials	500	Dep. on Office Furniture	100
Salary Office	2,500	Salary Salesmen	2,000
Other Office Expenses	900	MD Remuneration	12,000
Other Factory Expenses	5,700	Other Selling Expenses	1,000
Travelling Expenses	1,100	Carriage Outwards	1,000
Advance IT paid	15,000	Sales	2,50,000
Advertisement	2,000		

MD remuneration is allocated as Rs,4,000 to the factory, Rs.2,000 to the office and Rs.6,000 to the selling department.

From the above information find out:

- (a) Prime Cost
- (b) Works Cost
- (c) Cost of Production
- (d) Cost of Sales
- (e) Profit.

(CONTD.....4)

(OR)

16. b) The particulars of a factory for the year 2023 are given below:

Particulars	Rs.
Raw Materials	3,00,000
Direct Wages	1,68,000
Work Overhead	1,50,000
Office Overhead	1,68,000
Selling Overhead	1,12,000
Distribution Overhead	70,000
Net Profit	1,10,000

In 2024, the expenses incurred on the execution of a work order:

Raw Materials Rs.12,000; Wages Rs.7,000; Assuming that in 2024 work overhead went up 20% distribution overhead went down by 10% and selling and office overheads went up by 12.5%, at what rate of price should the product be quoted so as to earn the rate of profit on the selling price same as in 2023?

17.a) SA company has purchased and issued materials as under:

2024 August 1	Stock of materials	200 units at Rs.2.50 per unit
3	Purchased	300 units at Rs.3 per unit
7	Purchased	500 units at Rs.4 per unit
10	Issued	600 units
12	Purchased	400 units at Rs.4 per unit
18	Issued	500 units
24	Purchased	400 units at Rs.5 per unit
28	Issued	200 units

Prepare the stores ledger under **FIFO method & LIFO method**.

(OR)

b) Rajan Ltd. follows Taylor's differential piece rate system – 80 & 120 being the differentials for below standard and above standard work.

From the following ascertain the earnings of workers X and Y.

Standard time 15 minutes per unit.

Time worked 8 hours.

Units produced X:28 Y:35

Normal piece rate per unit Rs.2

18.a) How would you apportion the following expenses between departments A & B?

- Rent & Rates Rs. 360.
- Insurance Rs.130.
- Store expenses Rs. 742.
- Fire Insurance Rs.260.
- General factory labour Rs.1,284.
- Depreciation Rs.906.
- Holiday pay Rs.520.
- Plant repairs Rs.450.

Information regarding the departments:

Particulars	Rs.	Rs.
Floor space	60*115	45*100
Number of employees	18	42
Annual direct wages	Rs.5,000	Rs.6,000
Annual direct labour hours	36,000	92,500
Plant value	Rs.10,000	Rs.2,500

(CONTD.....5)

(OR)

18. b) calculate the overhead allocable to production departments A and B from the following: There are two service departments X and Y. X renders service to A and B in the ratio of 3:2 and Y renders service to A and B in the ratio of 9:1. Overheads as per primary overhead distribution is: A-Rs.49,800; B-Rs.29,600; X-Rs.15,600; Y-Rs.10,800.

19.a) What are the different types of variances in standard costing, and how are they classified?

(OR)

- b) Budgeted output = 2,000 units
 Standard overhead rate = ₹20/unit
 Actual output = 1,800 units
 Actual fixed overhead = ₹39,000

Find:

1. Overhead Cost Variance (OCV)
2. Volume Variance
3. Expenditure Variance

20. a) ABC Ltd. undertook **Job #101** for a client. The following costs were incurred for the job:

Cost Component	Amount (₹)
Direct Material	₹25,000
Direct Labour	₹15,000
Factory Overheads	60% of Direct Labour
Administration Overheads	10% of Factory Cost
Selling & Distribution	5% of Total Cost (before profit)

The job was invoiced at ₹60,000.

Required:

1. Calculate the **total cost of the job**
2. Calculate the **profit or loss**

(OR)

b) MNO Ltd. undertook a contract (Contract No. 202) for ₹20,00,000 on 1st January 2024. The following details are available for the year ended 31st December 2024:

Particulars	Amount (₹)
Materials Purchased	6,00,000
Wages Paid	4,00,000
Plant Purchased for Contract	1,00,000
Direct Expenses	50,000
Materials at Site (Closing Stock)	40,000
Wages Outstanding	20,000
Work Certified	12,00,000
Work Uncertified	50,000
Cash Received (80% of Work Certified)	9,60,000
Depreciation on Plant	25,000

Required:

1. Prepare **Contract Account**
2. Calculate **Notional Profit**
3. Calculate **Profit to be Transferred to P&L Account**