(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2024-25 ONLY)

SUBJECT CODE 24PCO311

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOVEMBER 2025

M.Com. **MAXIMUM MARKS: 75**

SEMESTER : III **TIME : 3 HOURS**

APPLIED COST ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. K1

1. Royalty is an example of …………….
   a) Direct material b) Direct Labour c) Direct Expenses d) Overhead
2. Under ------ method, materials which are received first are issued first.
   a) HIFO b) LIFO c) FIFO d) Material issue
3. Overhead cost is the aggregate of Indirect material cost, Indirect wages and --------
   a) Indirect expenses b) Indirect material c) Income d) Labour
4. A process loss that does not affect the cost per unit is ---
   a) Abnormal loss b) Standard loss c) Normal loss d) Seasonal loss
5. Standard costs are ………………..
   a) Ideal costs b) Normal costs c) Average costs d) Reasonably attainable costs

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES. (K2)

6. Define Cost sheet.
7. What is Material Control?
8. Define Overhead.
9. What is abnormal gain?
10. What is Direct Material cost Variance?

SECTION – B (5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) Calculate prime cost, Factory cost, cost of production, cost of sales and profit from the following details:

Direct materials	Rs. 10,000
Direct labour	Rs.4,000
Direct Expenses	Rs.500
Factory Expenses	Rs.1,500
Administrative expenses	Rs. 1,000
Selling Expenses	Rs. 300
Sales	Rs. 20,000

(OR)

b) Compute the prime cost:

Particulars	Rs.
Direct materials used	82,000
Productive wages	17,000
Royalty paid	11,000
Hire charge of special machines for the job	13,000

(CONTD …. 3)

12. a) Find out the economic ordering quantity (E.O.Q). From the following particulars:
Annual usage: Rs.120000
Cost of placing and receiving one order: Rs. 60.
Annual carrying cost: 10% of inventory value.

(OR)

b) The following information is available in respect of component D20:

Maximum stock level	42,000 units
Budgeted consumption	Maximum 7,500 units per month
Budgeted consumption	Minimum 4,000 units per month
Estimated delivery period	Maximum 4 months
Estimated delivery period	Minimum 2 months

You are required to calculate:
1) Re-order level 2) Re-order quantity.

13. a) Calculate the earnings of workers A and B under Straight Piece-rate system and Taylor's Differential Piece –rate system from the following particulars:
Normal Rate per hour = Rs. 1.80
Standard time per unit = 20 seconds
Differentials to be applied:
80% of piece rate below standard
120% of piece rate at or above standard.
Worker A produces 1,300 units per day and worker B produces 1,500 units per day

(OR)

b) Calculate the total earnings of the worker under the Halsey plan. Also find out effective rate of earning:
Rate per hour = Rs. 1.50 per hour
Time allowed for job = 20 hours
Time taken = 15 hours.

14. a) Explain the features of Process costing.

(OR)

b) What are the advantages of process costing?

15. a) Standard output 100 units
Standard time per unit 2 hrs
Standard Rate per hour Rs. 3
Actual output 80 units
Total Actual time taken 150 hours
Actual rate per hour Rs. 3.50 Find out Direct labour cost variance.

(OR)

b) Standard output 600 units
Actual output 500 units
Standard quantity per unit 1 kg.
Total Actual quantity used 600 kg.
Standard rate per unit Rs. 14 per kg.
Actual rate per unit Rs. 15 per kg. Find out Direct material cost variance.

SECTION – C (5 X 8 = 40 MARKS)

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

(K4/K5)

16. a) Draw a statement of cost from the following particulars:
Opening stock: (1) Materials Rs. 2,00,000
(2) Work-in-progress Rs.60,000
(3) Finished goods Rs. 5,000

(CONTD …. 3)

Closing stock	(1) Materials	Rs. 1,80,000
	(2) Work-in-progress	Rs.50,000
	(3) Finished goods	Rs. 15,000
Materials purchased		Rs. 5,00,000
Direct wages		Rs. 1,50,000
Manufacturing expenses		Rs.1,00,000
Sales		Rs. 8,00,000
Selling and distribution expenses		Rs.20,000.

(OR)

b) From the following figures prepare a reconciliation statement between cost and financial records:

Particulars	Rs.
Net profit as per financial records	1,28,755
Net profit as per costing records	1,72,400
Works overhead under-recovered in costing	3,120
Administrative overhead recovered in excess	1,700
Depreciation charged in financial records	11,200
Depreciation recovered in costing	12,500
Interest received but not included in costing	8,000
Obsolescence loss charged in financial records	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Store adjustment (Credit in financial books)	475
Depreciation of stock charged in financial books	6,750

17. a) The following transactions took place in respect of an item of material:

Date	Receipts Quantity	Rate (Rs.)	Issue Quantity
2-8-98	200	2.00	-
10-9-98	300	2.40	-
15-9-98	-	-	200
18-9-98	-	-	200
20-9-98	250	2.60	-

Record the above transactions in the stores ledger, pricing the issues at: a) Simple average rate b) Weighted average rate.

(OR)

b) Show the stores ledger entries as they would appear when using the LIFO method of pricing issues, in connection with the following truncations:

Date	Particulars	Unit	Price (Rs)
April 1	Balance in hand b/f	300	2.00
April 2	Purchased	200	2.20
April 4	Issued	150	-
April 6	Purchased	200	2.30
April 11	Issued	150	-
April 19	Issued	200	-
April 22	Purchased	200	2.40
April 27	Issued	150	-

In a period of rising prices such as the above, what are the effects of LIFO method?

18. a) A Company has four departments out of which A, B and C are production departments and D is a service department. The following are the costs for a period of three months pertaining to these departments.

Particulars	Amount (Rs.)
Rent	1,000
Repair	600
Depreciation	450
Light	100
Supervision	1,500
Insurance on plant	500
Employee's Insurance paid by employer	150
Power	900

The following data are also available for the four departments:

Particulars	A	B	C	D
Area Sq.Ft.	78	55	45	25
No. of workers	12	8	6	5
Total wages	Rs.4,000	3,000	2,000	1,000
Value of plant	Rs. 12,000	9,000	6,000	3,000
Value of stock	Rs.7,500	4,500	3,000	-

Make the apportionment of the costs of the various departments on the most equitable method.

(OR)

b) Briefly explain the classification of overheads.

19. a) In Process I, 600 units were introduced at Rs. 20 Per Unit The normal process loss is 20 % of the input. The scrap is sold at 3 Per Unit. Labour and overhead expenses incurred in the process amounted to Rs.1,320. 550 units were completed and transferred to finished stock account. You are required to show the process account and abnormal gain account.

(OR)

b) A by-product Y is derived from the Manufacturing of the main product XY. The by-product is further processed for sale. From the following data, prepare an account showing the cost per kilogram of products XY and Y.

	Joint expenses	**Separate expenses**	
	Rs.	**XY (Rs.)**	**Y(Rs.)**
Materials	20,000	12,000	1,000
Labour	14,000	10,000	4,000
Overheads	5,000	3,000	1,200

The quantities produced during the period under consideration were :
XY – 400kg and Y 100 kg. The selling price of Y is Rs.240 kgs on which the profit earned is estimated at 30% of the selling price.

20. a) From the following particulars, Find out the
1. Material cost variance
2. Material usage variance and 3. Material price variance.
Quantity of material purchased 3,000 units
Value of materials purchased Rs. 9,000
Standard quantity of material required per tone of finished product 25 units
Standard rate of material Rs. 2 per unit
Opening stock of material Nil
Closing stock of material 500 units
Finished production during the period 80 tonnes.

(OR)

b) The Standard cost card shows the following details relating to the material needed to produce 1 KG of output.

Quantity of raw material required	3 kg
Price of raw material	Rs. 2.50 per kg
Actual Production data:	
Output	1,000 kg
Quantity used	3,500 kg
Price of raw material	Rs. 3 per kg

Calculate material variances.

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