Graphic Era HILL UNIVERSITY
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University under section 2(f) of UGC Act, 1956

End Term(Even) Semester Paper Examination 2025

Roll no. 2391021

Name of the Course and semester: B. Com (Hons)-4th Semester
Name of the Paper: COST ACCOUNTING
Paper Code: BCH-402
Time: 3 hour

Maximum Marks: 100

Note:

(i) All the questions are compulsory.
(ii) Answer any two sub questions from a, b and c in each main question.
(iii) Total marks for each question is 20 (twenty).
(iv) Each sub-question carries 10 marks.

Q1. **(CO:1)** (2X10=20 Marks)

a. Prepare a cost sheet from the following data and find out the profit

Particulars	**Amount (₹)**
Opening stock of raw material	10,000
Purchases of raw material	50,000
Closing stock of raw material	5,000
Direct labour	25,000
Factory rent & power	10,000
Depreciation on machinery	5,000
Office expenses	7,000
Selling expenses	8,000
Opening stock of finished goods	12,000
Closing stock of finished goods	15,000
Profit margin on cost	20%
Sales	2,00,000

b. Discuss the steps involved while installation of costing system within an organization.

c. Prepare a cost sheet from the following data: when number of units produced are 2000. Find out the unit cost and unit selling price.

Particulars	**Amount (₹)**
Raw Material Used	2,00,000
Direct Labour	1,00,000
Factory Overheads	1,50,000
Office Overheads	60,000
Selling Overheads	40,000
Opening stock of finished goods	50,000
Closing stock of finished goods	70,000
By-product sales	30,000
Abnormal loss of stock (not included in closing stock)	20,000
Profit margin on cost	25%

Q2. **(CO:2)** (2X10=20 Marks)

a. A firm uses the weighted average method. Record the following transactions in the Stores Ledger:

Date	Particulars	Quantity	Rate (₹)
Mar 1	Opening Balance	500	15.00
Mar 3	Purchase	300	18.00

Mar 10	Purchase	200	20.00
Mar 12	Issue	300	?

b. State the different methods used in maintaining the types of stock levels and discuss the ABC analysis.

c. From the following information, calculate:
a) Reorder Level
b) Minimum Level
c) Maximum Level
d) Average Stock Level

Particulars	**Value**
Normal usage	300 units/week
Minimum usage	200 units/week
Maximum usage	400 units/week
Reorder quantity	2,000 units
Reorder period	4 to 6 weeks

Q3. **(CO:3)** (2X10=20 Marks)

a. Discuss the methods of recording time for timekeeping and time booking.

b. The following data is available for a factory:
Number of employees at the beginning of the month = 800
Number of employees at the end of the month = 1,000
Number of employees left during the month = 100
Number of replacements = 80
Calculate:
a) Labour Turnover Rate by Separation Method
b) Labour Turnover Rate by Replacement Method
c) Labour Turnover Rate by Flux Method

c. Standard time allowed = 10 hours
Actual time taken = 8 hours
Hourly wage rate = ₹60
Halsey plan allows 50% of time saved as bonus.
Calculate the total wages on the basis of:
1. Rowam Premium Plan
2. Emerson Premium Plan
3. Halsey Premium Plan

Q4. **(CO:4)** (2X10=20 Marks)

a. A company has the following budgeted overhead costs and activity levels for a production department: Determine the total annual overhead costs for the machine no.22
Compute the Machine Hour Rate for the machine
Budgeted overheads: ₹1000,000
Budgeted machine hours: 20,000 hours
Estimate the Overhead Absorption Rate (OAR) per machine hour.
If the actual machine hours worked during the period were 9,500, calculate the total overhead absorbed.

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b. A manufacturing company uses labour hour rate to allocate overhead costs. The following details are provided for a machine used in the factory:
Machine Cost: ₹20,00,000
Expected Life of the Machine: 15 years
Salvage Value: ₹100,000
Annual Maintenance Cost: ₹2,40,000
Electricity Cost: ₹15 per machine hour
Estimated Working Hours per Year: 5,000 hours
Other Indirect Expenses (Annual): ₹3,20,000
Determine the total annual overhead costs for the machine.
Compute the Machine Hour Rate.

d. Distribute the service department costs using the Repeated Distribution Method until balances are negligible:

Department	Overheads (₹)
Production A	60,000
Production B	40,000
Service Dept S1	20,000
Service Dept S2	10,000

Service Given To

Given To	S1 (%)	S2 (%)
A	40%	60%
B	40%	40%
S1	-	10%
S2	20%	-

Q5. **(CO:5)** (2X10=20 Marks)

a. Akansha Ltd.

Company manufactures and sells three chemicals produced by 3 consecutive processes A, Band C. In each process 2 % of the total weight put is lost and 10% is residue which is from process A and B realized Rs. 100/ ton and from process C realized Rs. 20/ton. The products of the 3 processes are dealt with as follows:

Particulars	Process A	Process B	Process C
Sent to warehouse for sale	25*	50%	100%
Passed to the next process	75%	50%	-

The following particulars are from the month of March 2016:

Particulars	Process A	Process B	Process C
Materials used (units)	1000	140	1348
Cost per ton of material used (Rs)	120	200	80
Manufacturing expenses (Rs)	30800	25760	18100

Prepare an account for each process, showing the cost per ton of each product.

b. Discuss the significance and practical applications of process costing in industry, illustrating your explanation with suitable examples

c. Explain how contract costing supports industries engaged in contractual projects, providing