

Faculty of Commerce

End Semester Examination May 2025

CM3CO13 Cost Accounting

Programme	:	B.Com. (Hons.)	Branch/Specialisation	:	-
Duration	:	3 hours	Maximum Marks	:	60

Note: All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary.
 Notations and symbols have their usual meaning.

Section 1 (Answer all question(s))

	Marks	CO	BL
Q1. Which of the following is the primary objective of cost accounting?	1	1	1
<input type="radio"/> To prepare financial statements for external stakeholders.		● To assist management in decision-making and cost control.	
<input type="radio"/> To comply with tax regulations.		● To maintain the general ledger.	
Q2. Which of the following is an example of an element of cost?	1	1	1
<input type="radio"/> Shareholder dividends		● Retained earnings	
<input type="radio"/> Income tax expense		● Direct labour	
Q3. Which inventory valuation method assumes that the latest purchased materials are used first?	1	2	1
<input checked="" type="radio"/> LIFO		● FIFO	
<input type="radio"/> Simple average		● Weighted average	
Q4. The treatment of material losses due to spoilage, theft, or wastage is generally categorized as:	1	2	1
<input checked="" type="radio"/> Abnormal loss		● Normal loss	
<input type="radio"/> Salvage loss		● Contingency loss	
Q5. What is the primary purpose of unit costing?	1	3	1
<input type="radio"/> To determine the total cost of production		● To determine the cost per unit of a product or service	
<input type="radio"/> To calculate profit		● To calculate the break-even point	
Q6. Which of the following is NOT a feature of job costing?	1	3	1
<input type="radio"/> It assigns costs to individual jobs or orders		● It tracks direct materials, direct labour, and overhead for each job	
<input checked="" type="radio"/> It is used for mass production		● It provides detailed cost information for each job	
Q7. Which of the following is an example of a fixed overhead?	1	4	1
<input checked="" type="radio"/> Factory rent		● Wages of factory workers	
<input type="radio"/> Direct materials		● Raw material costs	
Q8. When overheads are under-absorbed, it means:	1	4	1
<input checked="" type="radio"/> Actual overheads are greater than absorbed overheads		● Actual overheads are equal to absorbed overheads	
<input type="radio"/> Actual overheads are less than absorbed overheads		● Absorbed overheads exceed the direct material costs	

Q9. Which of the following would not be considered under marginal costing?

1 5 1

Fixed manufacturing overheads

Variable manufacturing costs

Direct labour costs

Direct material costs

Q10. In break-even analysis, the break-even point is defined as:

1 5 1

The point where profits are maximized

The level of output where total costs equal total revenue

The point at which total variable costs exceed total fixed costs

The level of output where variable costs equal fixed costs

Section 2 (Answer all question(s))

Marks CO BL

Q11. What is a direct cost?

2 1 1

Rubric	Marks
Meaning of Direct Cost.	2

Q12. (a) Explain the meaning and objectives of cost accounting. How does it help in effective decision-making for an organization?

8 1 2

Rubric	Marks
meaning of cost accounting.	2
objectives of cost accounting. (any three points)	3
How does it help in effective decision-making for an organization? (any three points)	3

(OR)

(b) Describe the nature and scope of cost accounting. How does it differ from financial accounting and management accounting in terms of objectives, scope, and users?

Rubric	Marks
nature of cost accounting.(any three)	3
scope of cost accounting.(any three)	3
How does it differ from financial accounting and management accounting in terms of objectives, scope, and users?	2

Section 3 (Answer all question(s))

Marks CO BL

Q13. Explain the concept of Economic Order Quantity (EOQ).

2 2 2

Rubric	Marks
concept of Economic Order Quantity (EOQ).	2

Q14. (a) From the following particulars of material X, maintained the stores ledger according to FIFO and LIFO methods:

8 2 3

1.1.2016	Opening stock 10,000 units @5 each
3.1.2016	Purchased 9,000 units @5 each
10.1.2016	Issue 12,000 units
12.1.2016	Purchased 8,000 units @5 each
16.1.2016	Purchased 3,000 units @5 each
18.1.2016	Issue 4,000 units
20.1.2016	Issue 6,000 units
21.1.2016	Purchased 3,000 units @5 each
25.1.2016	Issue 4,000 units

Rubric	Marks
AS PER SOLUTION (Answer: Closing stock FIFO 4000 units @ Rs 6.00 and Closing stock LIFO 4000 units @Rs 5.00)	8

(OR)

- (b)** What is the FIFO (First In, First Out) method of inventory control? Similarly, explain the LIFO (Last In, First Out) method. Discuss the key differences between the FIFO and LIFO methods.

Rubric	Marks
What is the FIFO (First In, First Out) method of inventory control?	2
Explain the LIFO (Last In, First Out) method.	2
Discuss the key differences between the FIFO and LIFO methods. (Any Four)	4

Section 4 (Answer all question(s))

Q15. What is contract costing?

Marks CO BL

2 3 2

Rubric	Marks
Meaning of Contract Costing.	2

Q16. (a)

8 3 3

- Calculate-
- (i) Cost of raw materials consumed,
 - (ii) Total cost of production;
 - (iii) Cost of goods sold and
 - (iv) The amount of profit from the following particulars-
- Opening Stock of Raw-materials 2,00,000,
 Opening Stock of Finished goods 1,60,000,
 Closing Stock of Raw-materials 1,60,000,
 Closing Stock of Finished goods 2,00,000,
 Raw-materials-purchased 20,00,000,
 Wages paid to laborer's 8,00,000,
 Chargeable expenses 80,000,
 Rent, rates and taxes 2,00,000,
 Power 96,000,
 Factory heating and lighting 80,000,
 Factory insurance 40,000,
 Experimental expenses 20,000,
 Sale of wastage of material 8,000,
 Office management salaries 1,60,000,
 Office printing and stationery 8,000,
 Salaries of salesman 80,000,
 Commission of travelling agents 40,000,
 Sales 40,00,000

Rubric	Marks
As Per Solution	8

(OR)

- (b)** A product passes through three processes to completion. These processes are Process A, Process B and Process C respectively. During the week ending 30 June 2015, 2000 units are produced. The following information is obtained:

	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Material	12000	6000	4000
Labour	10000	8000	10000
Direct expenses	2000	400	2000

The indirect expenses for the period were Rs.5,600 apportioned to the process on the basis of labour cost. Prepare process account showing total cost and cost per unit.

Rubric	Marks
As Per Solution	8

Section 5 (Answer all question(s))

Q17. What are the key differences between fixed and variable overheads?

Marks CO BL

2 4 3

Rubric	Marks
key differences between fixed and variable overheads.(Any Two Difference)	2

Q18.(a) What is meant by the absorption of overheads? Discuss the various methods used to absorb overheads.

8 4 2

Rubric	Marks
What is meant by the absorption of overheads?	2
Discuss the various methods used to absorb overheads.	6

(OR)

- (b)** Explain the different classifications of overheads in cost accounting. Provide examples for each classification.

Rubric	Marks
As Per Explanation	8

Section 6 (Answer all question(s))

Marks CO BL

Q19. What is marginal cost?

2 5 2

Rubric	Marks
Meaning of Marginal Cost.	2

Q20. (a) For making 10 kg. of yarn, the standard material requirement is:

8 5 3

Material	Quantity (kg.)	Rate per kg. (Rs.)
White	8	6.00
Black	4	4.00

In March, 1,000 kg. of yarn was produced. The actual consumption of materials is as under:

Material	Quantity (kg.)	Rate per kg. (Rs.)
White	750	7.00
Black	500	5.00

Calculate: (i) MCV (ii) MPV (iii) MUV

Rubric	Marks
Calculate: (1) MCV	2
Calculate(2) MPV	3
Calculate(3) MUV	3

(OR)

(b) Merry Manufacturers Ltd., has supplied you the following information in respect of one of its products:

Total fixed costs	18,000
Total variable costs	30,000
Total sales	60,000
Unit sold	20,000

Find out-

- (i) Contribution per-unit,
- (ii) Break-even point,
- (iii) Margin of safety
- (iv) Profit and
- (v) Volume of sales to earn a profit of 24,000.

Rubric	Marks
Ans.:(a) ₹1.50	1.5
Ans.:(b) 12,000 units	2
Ans.:(c) 8,000 units	1.5
Ans.:(d) 12,000	1.5
Ans.:(e) 28,000 units	1.5
