



SAIVA BHANU KSHATRIYA COLLEGE
(Aruppukottai Nadargal Uravinmurai Pothu Abi Viruthi Trustuku Pathiyapattathu)
ARUPPUKOTTAI
DEPARTMENT OF COMMERCE
QUESTION BANK

Class :	B.Com		
Semester (UG - III & V; PG - III) :	UG – III	Subject Code :	CCRJC35
Name of the Subject :	COST ACCOUNTING		

Section A (Multiple Choice Questions)

Unit I: (INTRODUCTION)

- The total of all direct expenses is known as
(a) Prime Cost (b) Works Cost (c) Factory Cost (d) Total Cost
- Works cost is otherwise known as
(a) Prime Cost (b) Direct Cost (c) Factory Cost (d) Wages
- Basic objective of cost accounting is
(a) Tax Compliance (b) Financial Audit (c) Cost Ascertainment (d) None of these
- Imputed Cost is a
(a) Notional Cost (b) Real Cost (c) Abnormal Cost (d) Variable Cost
- Sunk Cost is a cost relating to
(a) The present (b) Future (c) Past (d) Tax

Unit II: (MATERIAL, LABOUR)

- Material control involves
(a) Consumption of material (b) Issue of material
(c) Purchase of material (d) Purchase, storage and issue of material
- ABC analysis is
(a) Always better Control (b) Advantages of Better Control
(c) At Best Control (d) None of the Above
- FIFO is
(a) Fast Investment in Future Orders (b) First in First Out
(c) Fast Issue of First Orders (d) None of the Above
- Labour turnover is
(a) Productivity of labour (b) Efficiency of labour
(c) Change in labour Force (d) None of these
- Time wages are paid on the basis of
(a) Standard time (b) Time saved (c) Output produced (d) Actual time

Unit III: (OVERHEADS)

- Overhead is also known as
(a) On cost (b) Basic cost (c) extra cost (d) Chargeable expenses
- Departmentalization of overhead is known as
(a) Primary Distribution (b) Secondary Distribution (c) Absorption (d) None of these
- Charging output with overhead at some reasonable rate is called
(a) Allocation (b) Absorption (c) Apportionment (d) None of these
- Bad debt is an example of
(a) Administration overhead (b) Selling overhead
(c) Distribution overhead (d) Factory overhead
- Warehouse expenses is an example of
(a) Production overhead (b) Selling overhead
(c) Distribution overhead (d) Factory overhead



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Unit IV: (METHODS OF COSTING)

16. In case of normal loss the cost per unit of usual production will
(a) Increase (b) Decrease (c) No change (d) Constant
17. Abnormal loss is charged to
(a) Process a/c (b) Costing P & L a/c (c) Normal loss a/c (d) P & L a/c
18. Operating costing is a
(a) method of costing (b) technique of costing
(c) principle of costing (d) procedure of costing
19. The cost unit used in passenger transport service is
(a) miles per hour (b) passenger kilometer (c) per kilometers (d) per mile
20. In lodging houses, costs are expressed in terms of
(a) room-day (b) customer day (c) customer hour (d) cost per month

Unit V: (COST CENTRE & PROFIT CENTRE)

21. Cost unit for a cable industry is
(a) per tone (b) per cost (c) per meter (d) per cubic meter
22. _____ cost centre is consisting of machines and persons carrying out similar operations.
(a) Personal (b) Production (c) Service (d) Operation
23. Which one of the following is a cost control technique?
(a) MBO (b) MBE (c) BEP (d) ABC
24. To control costs it is essential to keep control on
(a) Prime cost (b) Overheads
(c) Indirect materials & tools cost (d) All of the above
25. Overhead cost is the total of
(a) All indirect costs (b) All direct costs
(c) Direct and Indirect costs (d) Specific costs

Section B (7 mark Questions)

Unit I: (INTRODUCTION)

26. State the advantages and limitations of cost accounting
27. Distinguish between cost accounting and financial accounting
28. The following data relate to a manufacturer of a product for the period ended 31-3-2018
Raw material consumed: Rs.65,000
Direct wages : Rs.35,000
Factory overhead to be observed 25% of prime cost
Office overhead 20% of work cost
Selling & distribution 2.50 per unit sold
Number of units manufactured during the period 25,000 units.
Number of units sold during the period 22,000 unit @ Rs.10 per unit
Calculate cost per unit, profit per unit.
29. Global Ltd furnishes the following data relating to the production of standard products for the month April 2018
Raw material consumed : Rs.15,000
Direct labour cost : Rs.9,000
Machine hour worked : 900
Machine rate Rs.5 per unit
Administrative overhead 20% of work cost
Selling & distribution : 0.5 per unit sold



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Units produced 17,100 units. Units sold Rs.16,000 units @ Rs.4 per unit

Calculate profit per unit & total profit for the month of April 2018.

30. In a factory two types of ceiling fans namely M and S are manufactured. From the following particulars ascertain cost per unit and profit per unit for each product.

Particulars	Fan M	Fan S
Materials required	16,400	18,900
Wages	8,900	9,800

Work overhead – 60% of wages, office overhead – 20% of work cost. Selling expenses Rs.2 per unit. The selling price of M and S are Rs.550 and Rs.800 respectively. 80 fans of M and 100 fans of S are sold. Assume that there is no opening and closing stock.

Unit II: (MATERIAL, LABOUR)

31. The annual demand for a product is 6,400 units, the unit cost of a product is Rs.6/-; inventory carrying cost per unit per annum – 20% of average inventory, cost of procurement of material per order is Rs.75/-. Calculate EOQ and number of orders per annum and time gap between two consecutive orders.

32. Ascertain which one of the following materials are fast moving

Particulars	material X	material Y
Material in hand(1.1.2019)	25,000	87,500
Material purchased	1,90,000	1,25,000
Material in hand(31.12.2019)	15,000	62,500

33. Compute minimum stock level, maximum stock level, ordering level, average level from the following:

Material consumption maximum 175 units per day

Minimum 100 units per day

Normal 125 units per day

Re-order quantity 1,500 units

Delivery period

Maximum 15 days

Minimum 7 days

Normal 10 days

34. Calculate Labour Turnover under different methods

Total number of employees at the beginning of the month : 2010

Total number of employees at the end of the month : 1990

Number of employees who left during the month : 50

Number of employees who are recruited during the month : 30

35. 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

Unit III: (OVERHEADS)

36. State the various methods of re-apportionment of service department expenses to production departments.

37. X Ltd has 3 production department A,B,C and two service department D and E. Following information relate to Jan 2018.

Rent : Rs.10,000

Depreciation: Rs.20,000

Motive power : Rs.3,000



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Indirect wages : Rs.23,000

Lighting : Rs.1,200

Additional information .

Particulars	Departments				
	A	B	C	D	E
Area occupied (sq ft)	2,000	2,500	3,000	2,000	500
Light points	10	15	20	10	5
Direct wages	3,000	2,000	3,000	1,500	500
Horse power	60	30	50	10	-
Value of machine	60,000	80,000	1,00,000	5,000	5,000

Prepare primary O.H distribution summary.

38. The following data were available from the books of a company. Calculate the departmental overhead rate for each of the production department assuming that OH are incurred as a percentage of direct wages.

Particulars	Production Departments			Service departments	
	A	B	C	D	K
Direct wages (Rs.)	2,000	3,000	4,000	1,000	2,000
R.M (Rs.)	1,000	2,000	2,000	1,500	1,500
No of employees	100	150	150	50	50
Electricity (KWH)	4,000	3,000	2,000	1,000	1,000
No of light points	10	16	4	6	4
Plant value	60,000	40,000	30,000	10,000	10,000
Floor area occupied (sq ft)	150	250	50	50	50

Expenses incurred were : motive power :Rs.550; Electricity charges :Rs.100; Warehouse charges : Rs.400; Labour welfare :Rs.1,500; Depreciation :Rs.15,000; Repairs & maintenance :Rs.3,000; General OH: Rs.6,000; Rent & tax :Rs.275.

Cost of the Departments D and K are to be apportioned in the following manner: Department K :- 5:3:2 and Department D in the ratio of direct wages to the department A,B,C respectively.

39. The following particulars are related to 3 production department and 2 service department. The total department overheads as per primary distribution :

Production department A:Rs.6,300; B:Rs.7,400; C:Rs.2,800;

Service department X:Rs.5,400; Y:Rs.2,000;

The service department expenses are to be re-apportioned as follows:-

Particulars	A	B	C	X	Y
Dept X(in %)	40	30	20	-	10
Dept Y(in %)	30	30	20	20	-

Find out the total O.H of production department on the basis of :

1. Repeated distribution method
2. Simultaneous equation method

40. Work out the machine hour rate from the following:-

Cost of the machine: Rs.90,000

Freight and installation charges : Rs.10,000

Working life of machine 10 years

Scrap value – Nil

Working hours – 2,000 hours per year

Repairs and maintenance 50% of depreciation

Power 10 units per hour at the rate 10 paisa per unit

Lubricating oil Rs.2 per day of 8 hours



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Consumable stores Rs.10 per day of 8 hours
Operators wages Rs.4 per day of 8 hrs

Unit IV: (METHODS OF COSTING)

41. A transport company is running 4 buses between 2 towns which are 50 kms apart. Seating capacity of each bus is 40 passenger. Actual passenger carried was 75% of seating capacity. All the busses run on 30 days. Each bus made one round trip. Find out the total passenger km.
42. From the following data calculate cost per mile of vehicles
Value of vehicles Rs.15,000
Road license for the year Rs.500
Insurance charges per year Rs.100
Garage Rent per year Rs.600
Drivers wages per month Rs.200
Cost of petrol per liter Rs.8
Miles per liter 8
Tyres and maintenance charges per mile 0.20
Estimated life 1,50,000 miles.
Estimated annual miles 6,000.
43. In process B 75 units of a product were transferred from process A at a cost of Rs.1,308. The additional expenses incurred by the process amounted to Rs.192. Normally 20% of the units entered are lost and sold for Rs.4 per unit. The output of the process B is 50 units. Prepare necessary ledger accounts.
44. A batch of 600 units was introduced in a process @ Rs.20 per unit. 500 units were completed and transferred to finished goods account. The normal process loss was 20% of the input. The scrap is normally sold @ Rs.3 per unit. The labour and overhead expenditure incurred in the process amounted to Rs.600. prepare necessary ledger accounts.
45. Calculate cost of each process and total cost of production from the following:

Particulars	Process 1	Process 2	Process 3
Materials	3,000	1,000	400
Wages	1,600	4,000	1,200
Direct expenses	520	1,440	500

Indirect expenses Rs.1,700 which are to be apportioned on the basis of wages. There are no stock of work-in-progress or finished stock either in the beginning or at the end.

Unit V: (COST CENTRE & PROFIT CENTRE)

46. Define cost centre and cost unit, and the classification of cost centre.
47. What is a Profit centre? What are the differences between cost centre and profit centre?
48. What do you mean by cost control? What are the major elements of cost control?
49. What do you mean by cost reduction? What are the features of cost reduction?
50. What are the various techniques of cost reduction?

Section C (10 mark Questions)

Unit I: (INTRODUCTION)

51. Explain the various classification of cost.
52. The following data have been extracted from the book of moonshine industry limited for this calendar year 2019.
Opening stock of RM Rs. 25,000



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Purchase of RM Rs. 85,000
Closing stock of RM Rs. 40,000
Carriage inward Rs. 5,000
Wages(Direct) Rs. 75,000
Wages(Indirect) Rs. 10,000
Other direct charges Rs. 15,000
Rent & rates - factory Rs. 5,000
Rent & rates - office Rs.500
Indirect consumption of material Rs.500
Depreciation on plant Rs.1,500
Depreciation on office furniture Rs.100
Salary – office Rs.2,500
Salary – salesman Rs.2,000
Other factory expenses Rs.5,700
Other office expenses Rs.900
Managing directors remuneration Rs.12,000
Other selling expenses Rs.1,000
Travelling expenses sales Rs.1,100
Carriage and freight outward Rs.1,000
Sales Rs.2,50,000
Advance income tax paid Rs.15,000
Advertisement Rs.2,000
Managing directors remuneration is to be allocated Rs.4,000 to factory, Rs.2,000 to office and Rs.6,000 to selling department. Prepare a cost sheet.

Unit II: (MATERIAL, LABOUR)

53. The following information relating to material A. show how the value of issues should be arrived at, under FIFO method

1st January - opening stock 1,000 units @ Rs.5 each
3rd Jan - purchased 900 units @ Rs.6 each
7th Jan - issued 1,200 units to production department
11th Jan - purchased 800 units @ Rs.6.20 each
13th Jan - purchased 300 units @ Rs.6.40 each
15th Jan - issued 400 units to production
17th Jan - issued 600 units
21st Jan - purchased 200 units @ Rs.6.50 each
27th Jan - issued 600 units

54. 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 1300 units per day and worker B produces 1500 units per day of 8 hours.

Unit III: (OVERHEADS)

55. A company has 3 production department and 2 service department. The departmental expenses are as follows:-

Production department :



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A : Rs.800; B : Rs.700; C : Rs.500
Service department :
P1 : Rs.234; P2 : Rs.300

The expenses of service department are re-distributed as follows:-

Departments	A	B	C	P1	P2
Dept P1	20%	40%	30%	-	10%
Dept P2	40%	20%	20%	20%	-

Prepare a statement showing the apportionment of 2 service department expenses to the production department on the basis of :

1. Repeated distribution method
2. Simultaneous equation method
3. Trial and Error method

56. From the following details calculate the following absorption rate:

- i) Direct material cost rate
 - ii) Direct labour cost rate
 - iii) Labour hour rate
 - iv) Machinr hour rate
- Materials used : Rs.50,000
Direct labour cost : Rs.40,000
Factory overhead : Rs.40,000
Direct labour hours : 10,000
Hours of machine operation : 20,000

Unit IV: (METHODS OF COSTING)

57. From the following data related to different vehicle A and B, compute the cost per running mile:-

Particulars	Vehicle A(Rs)	Vehicle B(Rs)
Millage run (annual)	15,000	6,000
Cost of vehicle	25,000	15,000
Road license (annual)	750	750
Insurance (annual)	700	400
Garage rent (annual)	600	500
Supervisor salary (annual)	1,200	1,200
Drivers wages per hour	8	8
Cost of petrol per liter	10	10
Millage run per liter	20	15
Repairs & maintenance cost per mile	0.20	0.30
Tyre allocation charges per mile	0.80	0.60
Estimated life of vehicle	1,00,000	75,000

You are to charge interest on cost of vehicle at 5% per annum. The vehicles run 20 miles per hour on an average.

58. A product passes through three processes before it is transferred to finished goods account. The following particulars are available:-

Particulars	Process 1	Process 2	Process 3
Normal loss	10%	5%	10%
Scrap value (Rs per units)	15	25	30
Raw Materials (Rs)	10000	15100	17310
Direct Labour (Rs)	15000	20000	25000
Production expenses (Rs)	10000	11130	12500
Output (units)	920	870	800



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1,000 units were introduced into process 1 @ Rs.25per unit. Prepare necessary ledger accounts.

Unit V: (COST CENTRE & PROFIT CENTRE)

59. Explain in details the various cost control techniques.
60. What do you mean by cost audit and financial audit? Write the difference Between Cost Audit And Financial Audit.