June/July - 2026

(SEP Scheme)

COMMERCE

Cost Accounting

Time : 3 Hours | **Maximum Marks : 80**

Instructions :

Answers should be written in English only.

SECTION - A

Answer any Five questions. Each question carries 2 marks each. (5×2=10)

1. a) State the elements of Cost.

   b) Define Cost per unit?

   c) How do you calculate bonus under Rowan Plan?

   d) What is service department? Give two examples?

   e) State the concept of variable overhead? Give Example.

   f) Give the meaning of Reconciliation statement.

   g) Mention two objectives of material control?

SECTION - B

Answer any Three questions. Each question carries 6 marks. (3×6=18)

2. In a factory the expenses are as follows :

   Material Rs. 2,00,000, labour - Rs. 1,50,000, Factory expenses - Rs. 98,000, office expenses - Rs. 85,000, Sales Total - Rs. 5,10,000. Prepare a cost sheet.

3. On the basis of following information calculate the earnings of Geetha and Seetha on the straight piece rate system and Taylor's Differential Piece rate system. Standard production = 8 units per hour, Normal time rate - Rs. 40 per hour. In a 9 - hour day Geetha produces 54 units and Seetha produces 75 units.

4. The factory of a large manufacturing company has several departments. Indicate the basis you would adopt for apportionment of the following overhead expenses to various departments?

   a. Depreciation of Plant and Machinery

   b. Electricity for Machines

   c. Material Handling Charges.

   d. Electric Lighting.

   e. Recreation expenses.

5. In a manufacturing company a material is used as follows :

   Re - order quantity - 48,000 units

   Maximum consumption = 12,000 units per week

   Minimum consumption = 4,000 units per week

   Normal consumption = 8,000 units per week

   Time required for delivery - minimum : 4 weeks, maximum : 6 weeks

   Calculate

   a. Re-order level

   b. Minimum stock level

   c. Maximum stock level

   d. Danger level, and average stock level.

6. From the following, prepare a reconciliation statement. Calculate profit asper financial accounts.

Particulars	Amount
Net profit as per costing records	86,200
Works overhead under recovered in costing	1,560
Goodwill writen off in financial accounts	850
Income tax provided in financial books	20,000
Depreciation charges in financial books	5,000
Interest received but not included in costing	4,000
Loss due to theft and pilferage provided only in Financial books	1,000
Depreciation recovered in costing	6,500
Office overheads recovered in excess	900

SECTION - C

Answer any Three questions. Each question carries 14 marks. (3×14=42)

7. BEL co. Manufactured and sold 1,000 sewing machines in 2024. Following are the particulars obtained from the records of the company.

Cost of materials	80,000
Wages paid	1,20,000
Manufacturing expenses	50,000
Salaries	60,000
Rent, rates and insurance	10,000
Selling expenses	30,000
General expenses	20,000
Sales	4,00,000

The company plans to manufacture 1,200 sewing machines in 2025. You are required to submit a statement showing the price at which machine would be sold so at to show a profit or 10% on the selling price. The following additional information if supplied to you :

a. The price of materials will rise by 20 per cent on the previous year's level.

b. Wage rates will rise 5%

c. Manufacturing expenses will rise proportion to the combined cost of materials and wages.

d Selling expenses per unit will remain unchanged.

e. Other expenses will remain unaffected by the rise in output.

8. From the following details, you are required to prepare a statement reconciling the profit shown as per cost books with the profit show as per financial books.

Particulars		Cost Books (Rs.)	Financial Books (Rs.)
a.	Net profit	3,85,000	?
b.	Works overheads	68,500	72,000
c.	Administration overheads	92,750	1,02,650
d.	Selling overheads	45,600	38,500
e.	Value of opening stock	86,400	75,000
f.	Value of closing stock	94,800	86,400
g.	Depreciation	-	62,850
h.	stores adjustment (credit)	-	7,500
i.	Reserve for doubtful debts	-	16,050
j.	Interest on bank deposits	-	16,750
k.	Loss on sale of Machinery	-	15,000
l.	Tax provision	-	42,750
m.	Interest on bank loan paid	-	18,250

9. From the following particulars, you are required to calculate the earnings of a worker for a week under

a. Straight Piece Rate System

b. Taylor's Differential Piece Rate System

c. Halsey Premium Plan

d. Rowan Premium Plan.

Weekly working hours : 48

Hourly wage rate : Rs. 15

Piece rate per unit : Rs. 6

Normal time allowed per piece : 12 minutes

Normal output per week : 240 pieces

Actual output for the week : 300 pieces.

Differential piece rate : 80% of piece rate when output is below normal and 120% of piece rate when output above normal.

10. King Ltd. has 3 production departments ABC and 2 service departments D and E. the following figures are extracted from the records of the company

Rent and rates	10,000
Indirect wages	3,000
Depreciation of machinery	20,000
General lighting	1,200
Power	3,000
Sundry expenses	20,000

The following further details are available

	A	B	C	D	E
Floor space (sq.ft)	2,000	2,500	3,000	2,000	500
Light points	10	10	20	10	5
Direct wages	3,000	2,000	3,000	1,500	500
HP of machines	60	30	50	10	-
Value of machinery	60,000	80,000	1,00,000	5,000	5,000
Direct materials	3,000	2,500	2,000	1,500	1,000

Apportion the costs to various departments on the most equitable basis.

11. The following transaction occurred in purchased and issue of material in an organization during October 2025.

Receipts	**Quantity**	**Rate (Rs.)**
4-10-2025	200 units	24 per unit
10-10-2025	150 units	23 per unit
18-10-2025	100 units	24 per unit
22-10-2025	100 units	23.50 per unit

Issues	**Quantity**
5-10-2025	250 units
12-10-2025	200 units
25-10-2025	250 units

The stock on 1-10-2025 was 200 units @ Rs. 25 per unit.

Prepare stores ledger accounts under FIFO and LIFO method.

SECTION - D

Answer any One of the following.

(1×10=10)

12. a) Identify cost unit for given Industry.

i. Cement,
ii. Automobile,
iii. Biscuit,
iv. Hospital
v. Soft drink
vi. Gas
vii. Transport
viii. Electricity
ix. Clothing
x. Bricks
xi. Timber

(OR)

b) Write the Specimen of Material Purchase order.