STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2025 – 2026)

B.COM. DEGREE EXAMINATION, APRIL 2026
BANKING, FINANCE AND ENTRERENEURSHIP
SECOND SEMESTER

COURSE : CORE
PAPER : COST MANAGEMENT
SUBJECT CODE : 25BF/MC/CM25
TIME : 3 HOURS **MAX. MARKS: 100**

<table>
<tr><th>Q. No.</th><th>SECTION A
Answer all questions not exceeding 50 words: (4 x 2.5 = 10)</th><th>CO</th><th>KL</th></tr>
<tr><td>1.</td><td>List out the objectives of cost accounting.</td><td>1</td><td>1</td></tr>
<tr><td>2.</td><td>Write a note on material cost.</td><td>1</td><td>1</td></tr>
<tr><td>3.</td><td>What is process costing?</td><td>1</td><td>1</td></tr>
<tr><td>4.</td><td>Write a note on lean resource management.</td><td>1</td><td>1</td></tr>
<tr><th>Q. No.</th><th>SECTION B
Answer all questions: (4 x 5 = 20)</th><th>CO</th><th>KL</th></tr>
<tr><td>5.</td><td>In a company weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The re-order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of material A.</td><td>2</td><td>2</td></tr>
<tr><td>6.</td><td>In process A 100 units of raw materials were introduced at a cost of Rs.1,000. The other expenditure incurred by the process was Rs.602. Of the units introduced 10% are normally lost in the course of manufacture and they process a scrap value of Rs.3 each. The output of Process A was only 75 units. Prepare Process A Account and abnormal loss account.</td><td>2</td><td>2</td></tr>
<tr><td>7.</td><td>From the following information calculate the cost of direct materials consumed:
<table>
<tr><th>Particulars</th><th>Rs.</th></tr>
<tr><td>Direct material purchased</td><td>80,000</td></tr>
<tr><td>Cost of materials sold (due to unsuitability)</td><td>1,000</td></tr>
<tr><td>Materials returned to suppliers (defective materials)</td><td>2,000</td></tr>
<tr><td>Sale of direct material scrap</td><td>1,000</td></tr>
<tr><td>Closing stock of materials</td><td>10,000</td></tr>
<tr><td>Opening stock of materials</td><td>8,000</td></tr>
<tr><td>Octroi and customs duties on materials purchased</td><td>6,000</td></tr>
<tr><td>Carriage inwards</td><td>2,000</td></tr>
</table></td><td>2</td><td>2</td></tr>
<tr><td>8.</td><td>A factory has three production departments A, B and C and two service departments X and Y. The overhead costs of the different departments incurred during March 2023 are as follows:
<table>
<tr><th>Departments</th><th>Costs (Rs.)</th></tr>
<tr><td>A</td><td>10,000</td></tr>
<tr><td>B</td><td>8,000</td></tr>
<tr><td>C</td><td>6,000</td></tr>
<tr><td>X</td><td>5,000</td></tr>
<tr><td>Y</td><td>3,000</td></tr>
</table>
The costs of department X have to be charged in the ratio of 2:2:1 and those of department Y equally to departments A, B and C respectively. Find out the overhead costs of each production department.</td><td></td><td></td></tr>
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SECTION C

Q. No.	Answer any two questions : (2 x 10 = 20)	CO	KL
9.	From the following information prepare cost sheet for the month of January.	3	3

	Rs.
Stock of raw materials on 1st January	25,000
Stock of raw materials on 31st January	26,200
Purchase of raw materials	21,900
Carriage on purchases	1,100
Sale of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling overheads	4,200

10.	From the following figures show the cost of the three processes of manufacture. The production of each process is passed on to the next till completion:			3	3

	Process A Rs.	Process B Rs.	Process C Rs.
Wages and materials	60,800	24,000	58,500
Works on cost	11,200	10,500	12,000
Production (in units)	72,000	75,000	96,000
Stock (units from preceding process 1st July 2024)	-	8,000	33,000
Stock (units from preceding process 31st July 2024)	-	2,000	11,000

11.	From the following particulars work out the earnings for the week of a worker under: a) Straight piece-rate b) Differential piece rate c) Halsey premium system d) Rowan system			3	3

Number of working hours per week	48
Wages per hour	Rs.3.75
Normal time per piece	20 minutes
Rate per piece	Rs.1.50
Normal output per week	120 units
Normal time per piece	20 minutes
Actual output per week	150 units
Rate per piece	Rs.1.50

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

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SECTION D

Q. No.	**Answer any two questions: (2 x 10 = 20)**	CO	KL
12.	The Modern Co., is divided into four departments. A, B, C are production departments and D is service department. The actual costs for a period are as follows:	4	4

	Rs.
Rent	1,000
Repairs to plant	600
Depreciation on plant	450
Employer's liability for insurance	150
Supervision	1,000
Fire insurance in respect of stock	500
Power	900
Lighting	120

The following information are available in

Particulars	Dept.A	Dept.B	Dept.C	Dept.D
Area (Sq.meters)	1,500	1,100	900	500
No.of employees	20	15	10	5
Total wages (Rs.)	6,000	4,000	3,000	2,000
Value of plant (Rs.)	24,000	18,000	12,000	6,000
Value of stock (Rs.)	15,000	9,000	6,000	-
H.P. of plant (kwh)	24	18	12	6

Apportion the costs of the various departments on the most equitable basis by preparing a primary departmental distribution summary.

13.	Calculate the earnings of two employees 'M' and 'N' from the following particulars for a month and allocate the earnings of each to Job I, Job II and Job III.	4	4

Particulars	**M**	**N**
Basic wages	Rs.1,000	Rs.1,500
DA	80%	80%
Provident fund (on basic wages)	6%	6%
Employees state insurance (on basic wages)	4%	4%
Overtime		20 hours
Idle time and leave	18 hours	-

The normal working hours for a month are 200. Overtime is paid at double the normal wages and dearness allowance. Employers contribution to state insurance and provident fund are at equal rate with the employee's contributions. The month contains 25 working days and one paid holiday. The two workers were employed on Job I, II and III in the following proportions.

Job	**I**	**II**	**III**
Worker M	40	120	40
Worker N	110	40	50

Overtime was done on Job III.

<table>
<tr><td>14.</td><td>From the following data:
<table><tr><td>Reorder period</td><td>4 to 6 weeks</td></tr><tr><td>Maximum consumption</td><td>100 units per week</td></tr><tr><td>Minimum consumption</td><td>50 units per week</td></tr><tr><td>Normal consumption</td><td>75 units per week</td></tr><tr><td>Annual consumption</td><td>36,000 units</td></tr><tr><td>Cost per unit</td><td>Re.1</td></tr><tr><td>Ordering cost</td><td>Rs.25</td></tr></table>Inventory carrying cost is 20% of unit value.
Calculate:
a) EOQ
b) Maximum level
c) Minimum level
d) Reordering level</td><td>4</td><td>4</td></tr>
<tr><td></td><td colspan="3">SECTION E</td></tr>
<tr><td>Q. No.</td><td>Answer any two questions : (2 x 15 = 30)</td><td>CO</td><td>KL</td></tr>
<tr><td>15.</td><td>The following are the extracts from costing books of Vignesh Oil Manufacturing Company, in which three processes are used.
Coconut purchased: 600 quintals worth Rs. 60,000
<table><tr><th>Particulars</th><th>Crushing (Rs.)</th><th>Refining (Rs.)</th><th>Finishing (Rs.)</th></tr><tr><td>Labour</td><td>20,000</td><td>15,000</td><td>10,000</td></tr><tr><td>Power</td><td>5,000</td><td>3,000</td><td>1,000</td></tr><tr><td>Steam</td><td>2,000</td><td>1,000</td><td>500</td></tr><tr><td>Sundry Materials</td><td>4,000</td><td>2,000</td><td>1,000</td></tr><tr><td>Factory Expenses</td><td>6,000</td><td>5,000</td><td>3,000</td></tr></table>Casks (Drums) costing Rs. 20,000 (used in finishing process) Output:
• Crude oil produced: 400 quintals
• Refined oil produced: 300 quintals
• Finished oil produced: 280 quintals
Coconut sacks sold for Rs. 10,000, Copra residue: 170 quintals sold for Rs. 5,000By-product of refining process: 75 quintals sold for Rs. 400.
Prepare crushing, refining, finishing (including casking) process accounts.</td><td>5</td><td>5</td></tr>
<tr><td>16.</td><td>Prepare a Cost Sheet for the year 2020 from the following showing the total cost and cost per unit. Number of units produced 2,000.
<table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Opening Stock of Raw Materials</td><td>10,000</td></tr><tr><td>Purchases</td><td>1,80,000</td></tr><tr><td>Direct Wages</td><td>56,000</td></tr><tr><td>Indirect Wages</td><td>48,000</td></tr><tr><td>Closing Stock of Raw Materials</td><td>12,000</td></tr><tr><td>Work-in-Progress (01-01-2020)</td><td>5,000</td></tr><tr><td>Work-in-Progress (31-12-2020)</td><td>6,000</td></tr><tr><td>Factory Overheads</td><td>26,000</td></tr><tr><td>Office Overheads</td><td>45,000</td></tr><tr><td>Selling Overheads</td><td>16,000</td></tr><tr><td>Opening Stock of Finished Goods (100 units)</td><td>20,000</td></tr></table></td><td>5</td><td>5</td></tr>
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	Closing stock of finished goods 120 units. Profit 10% on sales. During the year 2021, it is decided to increase the production to 2,400 units. It is anticipated that: a) Material prices will increase by 10% b) Wages will reduce by 20% c) Other expenses will remain constant per unit d) Expected profit 20% on sales Ascertain the selling price to be fixed per unit.		
17.	Prepare a stores ledger account from the following information adopting the FIFO method of pricing issues of materials.	5	5

2024 March 1	Opening balance	500 tonnes at Rs.200
3	Issue	70 tonnes
4	Issue	100 tonnes
8	Issue	80 tonnes
13	Received from supplier	200 tonnes at Rs.190
14	Returned from department	'A' 15 tonnes
16	Issue	180 tonnes
20	Received from supplier	240 tonnes at Rs.195
24	Issue	300 tonnes
25	Received from supplier	320 tonnes at Rs.200
26	Issue	115 tonnes
27	Returned from department	'B' 35 tonnes
28	Received from supplier	100 tonnes at Rs.200

18. Sunshine manufacturers Ltd., have three production departments P1, P2 and P3 and two service departments S1 and S2. The details pertaining to which are as follows: — 5 — 5

	P1	**P2**	**P3**	**S1**	**S2**
Direct wages (Rs.)	30,000	20,000	30,000	15,000	5,000
Working hours	3,070	4,475	2,419	-	-
Value of machines (Rs.)	6,00,000	8,00,000	10,00,000	50,000	50,000
H.P of machine	60	30	50	10	-
Light points	100	150	200	100	50
Floor space (Sq.ft)	20,000	25,000	30,000	20,000	5,000

The following figures extracted from the accounting records are relevant.
Rent Rs.15,000; General lighting Rs.6,600; Indirect wages Rs.20,000; Power Rs.15,000; Depreciation on machines Rs.1,00,000 and Sundries Rs.10,000.
The expenses of service departments are allocated as under

	P1	P2	P3	S1	S2
S1	20%	30%	40%	-	10%
S2	40%	20%	30%	10%	-

Find out the works cost of product 'X' which is processed for manufacture in departments P1, P2 and P3 for 4,5 and 3 hours respectively, given that its direct material is Rs.500 and direct labour cost is Rs.430.

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