

Roll No: _____
Date: __/__/__

St. Claret College

Autonomous, Bengaluru



UG END SEMESTER EXAMINATION-NOV 2025
BCOM III SEMESTER
BC 3325: FUNDAMENTALS OF COSTING

TIME: 3 hours

10

MAX. MARKS: 80

This paper contains FOUR printed pages and FOUR parts

Instructions:

1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

PART-A

Answer ALL questions. Each answer carries ONE mark.

[10 x 1 = 10]

- 1) Which among the following is excluded from cost sheet?
A. Travelling expenses
B. Sale of scrap
C. Rent of factory
D. Sale of fixed asset
- 2) The sales amounted to ₹ 5,75,000; what will be the cost profit if it is calculated at 25% on cost?
A. 1, 15,000
B. 172500
C. 1,61,000
D. 1,43,750
- 3) Direct material can be classified as
A. Fixed cost
B. Semi-variable cost
C. Variable cost
D. Prime cost
- 4) Under the FSN system of inventory control, inventory is classified on the basis of:
A. Volume of material consumption.
B. Criticality of the item of inventory for production.
C. Frequency of usage of items of inventory.
D. Value of items of inventory.
- 5) Time booking refers to a method wherein _____ of an employee is recorded.
A. Attendance
B. Health status
C. Food expenses
D. Hours spent on a particular job
- 6) Employee Cost includes-
A. Wages and salaries
B. Payment for overtime
C. Allowances and incentives
D. All of the above
- 7) The allotment of whole items of cost-to-cost centres or cost units is called:
A. Overhead absorption
B. Cost allocation
C. Cost apportionment
D. None of the above
- 8) The rent of the factory premises amounted to ₹60,000. It is shared between 4 department A, B C and D; area occupied by each department are 1500sq. ft., 1200 sq. ft., 1100 sq. ft. and 900 sq. ft.; what amount had to be apportioned to department C?
A. 14043
B. 19149
C. 11489
D. 15319

- 9) What is most suitable basic for apportionment of Insurance value?
 A. No. of Employees C. Direct Wages
 B. Stock Value D. Indirect Wages
- 10) Profit on sale of fixed asset has to be added in reconciliation statement when cost profit is known.
 A. True B. False

PART-B

Answer any THREE questions. Each answer carries EIGHT marks.

[3 x 8= 24]

- 11) A manufacturer presents the following details about the various expenses incurred by him:

Stock of raw materials on 1.1.2024	₹50,000	Stock of raw material on 31.12.2024	₹71,400
Purchase of raw materials	₹1,10,000	Drawing office salary	₹4,800
Counting house salary	₹8,000	Carriage inwards	₹2,100
Bad debts	₹3,000	Rent and Rates: Factory	₹4,200
Office Rent	₹3,000	Carriage outwards	₹2,100
Productive Wages	₹80,500	Depreciation on plant and machinery	₹3,200
Depreciation on office furniture	₹750	Gas and water factory	₹950
Traveler's Commission	₹2,400	Advertisement samples	₹2,200
Rent of Warehouse	₹3,000	Printing and Stationery	₹1,400
Telephone charges: Factory	₹1,100	Office expenses	₹900
Sales	₹4,50,000	Gas and Water: Office	₹350

Prepare Cost Sheet for the year ending 31-12-2024

- 12) A material is used in the manufacture of an article and the following data related to the components is available
 Minimum usage: 4000 units per week each Maximum usage: 12000 units per week each
 Reorder period: 4 to 6 weeks Reorder Quantity 48000 units
 Calculate a) Reorder level b) Maximum level c) Minimum level d) Average stock level.
- 13) Standard Time fixed for a job in a manufacturing concern is 45 hours. Time rate is ₹20 per hour. The actual time taken by the workers Ram, Ramesh and Ramya are 25 hours, 29 hours and 35 hours respectively. Calculate total earnings of Ram, Ramesh and Ramya under Halsey Plan and Rowan Plan
- 14) The following information is supplied from the costing records of a company:

Rent ₹5,500 Maintenance ₹2800 Employer's contribution to P.F. ₹ 900
 Energy ₹ 4600 Depreciation ₹3300 Supervision ₹6500
 Lighting ₹700 Insurance ₹3000

Particulars	A	B	C	D (Service dept)
Floor space (Sq. ft.)	170	110	80	40
Number of workers	16	12	4	8
Total direct wages (₹)	15000	12000	6000	3000
Cost of machinery (₹)	27000	18000	24000	12000
Stock of goods (₹)	18000	14000	8000	-

Prepare a statement showing apportionment of costs to various departments.

15) Calculate the Machine Hour Rate from the following data:

- | | |
|--|--|
| Cost of machine ₹100,000 | Installation charges ₹10,000 |
| Rent and rates for the shop p.m ₹200 | General lighting for the shop p.m ₹300 |
| Insurance premium for the machine p.a ₹900 | Power consumption (10 units per hour) |
| Rate of power per 100 units ₹20 | Shop supervisor's salary p.m ₹600 |
- Estimated working hours p.a: 2,200 (this includes setting up time of 200 hours not part of working hour).
 Estimated scrap value after the expiry of its life of 15 years ₹5,000. The machine occupies 1/4 of the total area of the shop. The supervisory is expected to denote 1/5 of his time for supervising the machine.

PART-C

Answer any THREE questions. Each answer carries TWELVE marks.

[3x12=36]

16) The following data is furnished by a company for the year 2024.

- | | |
|---|--|
| Stock of materials on 1.1.2023 ₹70,000 | Stock of materials on 31.12.2024 ₹10,000 |
| Purchases of materials ₹1,00,000 | Direct Wages ₹2,00,000 |
| Factory expenses ₹36,000 | Administration expenses ₹40,000 |
| Stock of finished goods on 31.12.2024 ₹40,000 | Sales ₹5,00,000 |
- Production during 2024 was 4000 units.

The company wants to quote for a contract for the supply of 1000 units during the year 2025. During 2025 the cost of materials is going to increase by 15% and that of wages by 10%. Prepare a statement of cost for the year 2024 and a tender statement for 2025 showing the price to be quoted per unit, if the same percentage of profit is maintained as in the previous year. Assume the factory overhead is charged based on previous year percentage and Administration overhead cost per unit remains same.

17) Prepare a stores ledger under FIFO and Simple Average method.

Date (March)	Particulars	Units (in Kgs)	Rate per Kg	Date (March)	Particulars	Units (in Kgs)
1	Opening Balance	1000	50	8	Issued	1400
3	Purchased	2000	60	14	Issued	2000
9	Purchased	1000	70	25	Shortage	200
21	Purchased	2500	80	30	Issued	1800

18) A company has 3 production departments & 2 service departments & distribution summary of O/H is as follows:

Particulars	Production Department			Service Department	
	A	B	C	P	Q
Total department O/H	8,000	7,000	6,000	2340	3,000
Distribution of service department expenses					
Service dept P	20%	40%	30%	Nil	10%
Service dept Q	40%	20%	20%	20%	Nil

Find out the total O/H of Production Department charging service department cost to production on the basis of Repeated distribution method and Simultaneous equation method.

19) A. From the following particulars, calculate the Economic Order Quantity and find out the number of orders to be place in a year.

Annual requirement 1,600 units. Cost of material per unit ₹50
 Cost of placing & receiving one order ₹40 Annual carrying cost of inventory 10%

B. What is Labour turnover? Explain the reasons for labour turnover.

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

Particulars	CA	FA	Particulars	CA	FA
a. Net profit	346750	338650	g. Depreciation	21500	18600
b. Works O/H	37600	33250	h. Stores adjustment (credit)		1250
c. Administration O/H	42500	46200	i. Reserve for doubtful debts		7250
d. Selling O/H	31300	35800	j. Interest on bank deposit		6150
e. Value of opening stock	18000	22300	k. Loss on sale of machinery		5800
f. Value of closing stock	23000	25800			

PART-D

Answer the following question. It carries TEN marks.

[1 x 10= 10]

21) a) Assume you are working in an organization that has 2 production and 2 service department. You are given various indirect expenses of the organization and asked to allocate the same to various department on appropriate basis. The indirect expenses identified are electricity ₹5000; rent and rates ₹6200; labour welfare ₹3500 and indirect material ₹25000; the other information available to you are:

Particulars	A	B	S1	S2
Direct Wages	15000	9000	6000	3000
Indirect wages	16000	20000	8000	4000
Direct Material	24000	18000	12000	6000
Power	350	300	200	150
Floor space	2000	2100	1900	1700
No of light points	40	30	20	10
No. of employees	200	100	25	25

b) The production manager of the organization wants you to calculate the stock levels to be maintained in the inventory and the annual consumption of both the material is 50000kg, the inventory cost is said to be 4%. He also gives you various information's like the maximum consumption of Material A is 6000kg and that of Material B is 7500kg, the normal consumption is said to be Material A 4500kg and Material B 5250kg. the products are expected to be delivered by Material A 12-15 weeks and Material B 14-16 weeks. The buying cost of a material is ₹ 50, cost per unit is ₹120.

- i. What would be the reorder quantity?
- ii. Assuming the reorder quantity calculated is same for both the material. Calculate maximum level of Material B.
- iii. Calculate the Minimum level of Material A.
