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BACHELOR OF COMMERCE(B.COM)
EXAMINATION – MAY - 2026
SIXTH SEMESTER

Sub.: Application of Costing (BCOM23-605C)

Date: 12/05/2026

Total Marks: 60

Times: 10.00 am to 12.30 pm

Instructions: 1) All questions are compulsory. 2) Figures to the right indicate full marks.

Q.1a) Fill in the blanks (Any 5) (05)

1. Cost Accounting Standards are issued by the _____ of India.
a) Institute of Company Accountants b) Institute of Cost Accountants
c) Information of Cost Accountants d) Institute of Cost Administration
2. Cost Accounting Standards aim to bring _____, consistency, and transparency in cost measurement.
a) Accuracy b) Flexibility
c) Complexity d) Uniformity
3. Works Cost is also known as _____ Cost.
a) Factory b) Administrative
c) Selling & Distribution d) Prime Cost
4. Factory Rent is included in _____ overheads
a) Factory b) Selling & Distribution
c) Administrative d) None of the Above
5. Under the Halsey 50% plan, the worker's bonus is calculated as _____ of the time saved multiplied by the hourly rate.
a) 50 % b) 40 %
c) 30 % d) 70 %
6. Prime Cost is the total of Direct Materials, Direct Labour, and _____.
a) Direct Expenses b) Factory Overheads
c) Direct Exchange d) Administrative Overheads
7. Profit is calculated by subtracting Cost of Sales from _____.
a) Prime Cost b) Sales
c) Factory Cost d) None of these

b) State whether the following statement are true or false (any 5) (05)

1. Fringe benefits are always treated as direct labour cost because they are provided to all employees.
2. Employee welfare costs such as recreational facilities and safety equipment are treated as overheads because they cannot be traced to a specific job
3. Statutory bonus paid to factory workers is considered part of labour cost and may be treated as direct labour if linked to production.
4. The Companies (Cost Records and Audit) Amendment Rules, 2019 apply uniformly to all companies irrespective of their turnover.

5. The Amendment Rules, 2019 reduced the responsibility of company management in maintaining cost records.
6. Small and Medium Enterprises follow relatively simple and cost-effective costing systems due to limitations in resources and technical expertise.
7. Small and Medium Enterprises (SMEs) occupy a crucial position in the economic structure of a country by contributing to employment generation, regional development, and innovation.

Q. 2a) Opening stock: 200 units @ ₹50 (20)
 1.1.2026 Purchase during period: 400 units @ ₹50 = ₹20,000
 2.1.2026 Issue during period: 100 units
 3.1.2026 Purchase during period: 400 units @ ₹100 = ₹40,000
 4.1.2026 Issue during period: 200 units
 Using weighted average method, compute issue value and closing stock value using LIFO and FIFO Both the methods

Or

b) What is the difference between cost accounting and financial accounting?

Q.3 a) Basic wages = ₹20,000 (10)
 Dearness allowance (DA) = 10% of basic
 Incentive = ₹2,000
 Overtime wages = ₹1,500
 Employer's Provident Fund (PF) contribution = 12% on (Basic + DA)
 Professional tax = ₹200
 Compute total labour cost to the employer for this worker for the month.

b) Write short notes. (Any 2) (05)

1. Service department
2. Specimen of Cost Sheet
3. Abnormal idle time
4. Input Tax Credit

Q.4 a) Explain in detail the process of allocation and apportionment of overheads with examples. (15)

OR

b) Office rent (monthly) ₹90,000 is to be apportioned among three departments A, B and C on the basis of floor area. Areas: A = 1,200 sq. ft.; B = 800 sq. ft.; C = 2,000 sq. ft.
 Apportion rent to A, B and C.

And

A cloud-based online learning platform provides digital courses.

Monthly Costs:

Particulars	Amount (₹)
Cloud server charges	60,000
Software maintenance	40,000
Digital marketing	50,000
Customer support staff	30,000
Administrative expenses	20,000

Total Monthly Cost = ₹2,00,000

Number of subscribers = 1,000

Calculate Cost per Subscriber