

B.Com DEGREE EXAMINATION, APRIL 2019
III Year VI Semester
Advanced Cost Accounting

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What is Contract costing?
2. Write a note on Equivalent Production.
3. What is Production Account?
4. State the meaning of Operation costing.
5. What is meant by Inter Process Profit?
6. M/s better tools Ltd. has an order to supply 48,000 special tools per annum. The setting-up cost of tools per run is Rs.648. It is estimated that it costs 10 paise as inventory holding cost per tool per month. What should be the optimum run size for tools manufacturing?
7. Office overheads to works cost in 2017: 15%

| | |
|----------------------------|--------|
| | Rs. |
| Direct material in 2018 : | 40,000 |
| Direct wages in 2018 : | 60,000 |
| Factory overhead in 2018 : | 30,000 |

Find out office overhead for 2018.
8. Calculate the passenger kilometres covered by a fleet of 4 taxis run by CNN Travels from Hyderabad to Bhuvanagiri (45km) and back 4 trips each day with 5 passengers on an average on each vehicle, for the month of April 2018.
9. Find out Abnormal Loss / Gain units.

| | |
|---------------|--------------|
| Input : | 5,000 units |
| Normal Loss : | 20% |
| Output : | 4,300 units. |
10. Calculate equivalent production.

Opening stock 5,000 units 60% complete. Units brought into the process 25,000. Transferred to next process 20,000 completed units. Closing stock 10,000 units, 40% complete.
11. Cost of a process Rs. 1,60,000. Profit to be charged on transfer price: 20%. Find out the inter process profit.
12. A transport company operates 4 buses on a route 100 kms long. Each bus makes three round trips per day on all 30 days in a month. On an average 20% of the vehicles are in garage for repairs and maintenance. Ascertain the total distance covered by the buses in one month period.

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. The following information is extracted from the records in respect of Job 707:

Materials - Rs.3,400

Wages:

Department A: 80 hours at Rs.2.50 per hour

Department B: 60 hours at Rs.4 per hour

Variable overheads:

Department A: Rs.5,000 for 4,000 hours

Department B: Rs.6,000 for 3,000 hours

Fixed overheads Rs.7,500 for 10,000 hours.

Calculate the price to be charged if the profit expected on cost is 10%.

14. Vignesh Travels, a transport company is running two buses between two places 100 kilometres apart. The seating capacity of each bus is 50 passengers. The following particulars are taken from their books for a month:

| | Rs. |
|---------------------------------|--------|
| Wages of drivers and conductors | 3,000 |
| Salary of office staff | 1,500 |
| Fuel cost | 6,000 |
| Repairs and maintenance | 1,500 |
| Insurance | 2,000 |
| Depreciation | 3,000 |
| Interest and other charges | 72,500 |

The actual passengers carried were 80% of the capacity. The buses ran on all the 30 days in a month. Each bus made a to and fro trip every day. Find out the cost per passenger kilometre.

15. M/s Joint Products Limited processing material 'X' produces four joint products A,B,C and D. Cost per ton of 'X' processed is as under:

| | Rs. |
|--------------------------|-------|
| Material cost | 1,350 |
| Labour and overhead cost | 900 |
| Total | 2,250 |

The joint products yielded were 540, 180, 118 and 62 kilo grams of A, B, C and D respectively, the rest being normal wastage. Apportion the total costs of 'X' to each one of the joint products.

16. In a factory two types of ceiling fans viz., 'Usha' and 'Crompton' are produced. Ascertain the cost and profit per unit sold from the particulars given below:

| | Usha (Rs.) | Crompton (Rs.) |
|-----------|------------|----------------|
| Materials | 16,400 | 18,900 |
| Wages | 8,900 | 9,800 |

Works overhead is 60% of wages and office overheads 20% on works cost. The selling expenses per fan sold is Rs.2. The selling prices of Usha and Crompton are Rs.550 and Rs.800 respectively. 80 fans of Usha and 100 fans of Crompton are sold. There is no opening or closing stock.

17. Srikar & Co., produces a product through two process J and K. prepare the process accounts from the following details relating to March 2016:

| | Process J (Rs.) | Process K (Rs.) |
|---------------------|-----------------|-----------------|
| Material | 45,000 | 15,000 |
| Labour | 60,000 | 25,000 |
| Chargeable expenses | 5,000 | 10,000 |

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

18. A company produces 300 units of product R, 200 units of product S and 100 units of product J from a single process. The cost up-to the point of separation amounted to Rs. 30,000. You are required to apportion the joint cost of production among the products, using the average unit cost method.
19. From the following data calculate the cost per mile of a vehicle:

| | Rs. |
|---------------------------|----------|
| Value of vehicle | 1,00,000 |
| Garage rent per year | 1,200 |
| Insurance charges p.a. | 400 |
| Road tax p.a. | 500 |
| Driver's wages per month | 600 |
| Cost of petrol per litre | 6.40 |
| Tyre maintenance per mile | 0.80 |

Estimated life 1,50,000 miles. Miles per litre of petrol 8; Estimated annual mileage 6,000.

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. Sakthi Construction company undertook a contract for constructing a Flyover for a total value of 24 Lakhs on 1.1.2017. It was estimated that the contract would be completed by 31.7.2018. You are required to prepare a contract account for the year ending 31.12.2017.

| | Rs. |
|---------------------------------|-----------|
| Wages | 6,00,000 |
| Materials | 3,00,000 |
| Materials at site on 31.12.2017 | 40,000 |
| Special plant | 2,00,000 |
| Overheads | 1,20,000 |
| Work certified | 16,00,000 |

Depreciation at 10% per annum on plant.

Cash received is 80% of work certified 8% of value of materials issued and 7% of wages may be taken to have been incurred for the portion of work completed but not yet certified. Overheads are charged as percentage of direct wages.

21. Find out equivalent production, cost per unit of equivalent production and prepare process account from the following.

| | |
|------------------------|-------|
| Units put into process | 2,500 |
| Units completed | 2,000 |

Work-in-progress at the end 500 units

| | |
|---------------|--------|
| Process cost: | Rs. |
| Materials | 22,500 |
| Labour | 6,750 |
| Overheads | 2,250 |

Work in progress is completed 50% as to materials, labour and overheads.

22. The following details are available in respect of Processes 'A' and 'B' for May 2018.

| | Process A (Rs.) | Process B (Rs.) |
|--------------------|-----------------|-----------------|
| Materials consumed | 50,000 | 10,000 |
| Wages | 20,000 | 30,000 |
| Overheads | 10,000 | 10,000 |

Process 'A' transfers its output to Process 'B' at a profit of 20% on transfer price and process 'B' transfers its product to finished stock at 20% on cost. The finished goods are sold for Rs.2,00,000. Prepare the process accounts, finished stock account and profit and loss account showing the total profit for the month, assuming the sundry expenses were Rs.20,000, which were not apportioned to the processes.

23. From the following data relating to vehicle A compute the cost per running tonne km.

| | Vehicle A |
|--|-----------|
| Kilometers run (annual) | 15,000 |
| Tones per km (average) | 6 |
| | Rs. |
| Cost of vehicle | 2,50,000 |
| Road licence (annual) | 800 |
| Insurance (annual) | 700 |
| Garage rent (annual) | 1,300 |
| Supervision and salaries p.a. | 2,700 |
| Drivers wages per hour | 4 |
| Cost of fuel per litre | 6 |
| Kms run per litre | 20 |
| Tyre allocation per km | 1 |
| Repairs & maintenance per km | 2 |
| Estimated life of vehicles 1,00,000 kms. | |

Charge interest @ 5% per annum on cost of vehicle. The vehicle runs 20 kms. Per hour on an average.