B.Com DEGREE EXAMINATION,NOVEMBER 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. How do you determine Economic Batch Quantity or Economic Lot size?
2. Explain the meaning of " Escalation Clause".
3. From the following information prepare Job No.236 account in the Job Cost Ledger:

	Rs.
Direct materials purchased	3,600
Direct materials received from stores	25,200
Direct wages	14,400
Other direct expenses	1,500

   The works overheads are to be taken at 75% of wages and administrative overheads at 25% of works cost. The contract price of Job No.236 which is completed is fixed as Rs.82,500.

4. Calculate the amount of selling overhead from the following:

Works cost	:	Rs.60,000
Office overhead	:	Rs.5,000

   Selling overhead to works cost in previous year was at 26%.

5. Which are the industries that can adopt unit or output costing method?
6. Pankajam travels employs 5 buses which run over a route of 140 kms (one way), making one round trip per day. The buses run 360 days per year and 10% of them on average are laid out for repairs. Ascertain the total running kilometres per year.
7. From the following information, calculate total – ton kilometres :

   No. of Lorries : 10, Capacity 5 tons each. Days operated 25 days per month. Trips made by each Lorry : One trip a day of a distance of 120 km. Average load carried 80% of capacity. Empty running – 40% of the total running distance.

8. State any three objectives of 'Transport Costing'.
9. The cost of production of 40 units consisting of materials Rs.1,500 ; Labour Rs.1,300 and Overhead Rs.164. The normal waste is 5% of input. Show the process account
10. What is process costing?
11. What is Equivalent production? Explain with examples.
12. Compute the cost of output and Abnormal Loss/gain

Cost of the process	:	Rs. 1,50,000
Input in Units	:	10,000
Normal Loss	:	5%
Scrap value of Normal Loss per unit	:	Rs. 5.50
Output	:	9,600 units

Section B $(5 \times 5 = 25)$ Marks

Answer any **FIVE** questions

13. Senthil Construction Company undertook a contract for constructing a building from 1st January 2010. Contract price was Rs.1,00,000. He incurred the following expenses.

	Rs.
Materials issued	6,000
Materials in hand, at the end	1,000
Wages	5,000
Direct expenses	20,000
Plant purchased	10,000

The contract was completed on 30th June 2010 and the contract price was duly received. Provide depreciation @20% p.a. on plant and charge indirect expenses at 20% on wages. Prepare contract account in the books of the company.

14. The accounts of a radio manufacturing company disclosed the following information for the year ending 31st December 2002.

	Rs.
Materials used	50,000
Productive wages	40,000
Works overhead expenses	8,000
Office overhead expenses	4,900

Prepare the cost sheet for the year ending 31st December 2002 and calculate the price which the company should quote for the manufacture of a radio in 2003, requiring materials valued at Rs.250 and wages of Rs.150, so that the price may yield a profit of 20% on cost.

15. Murugan Products Ltd., produced 10,000 units during 2009 of the only product they manufacture and request you to prepare their production account for the year, showing clearly per cost per unit and total cost.

	Rs.
Stock of material on 1.1.2009	40,000
Stock of material on 31.12.2009	70,000
Stock of work-in-progress on 1.1.2009	30,000
Stock of work-in-progress on 31.12.2009	20,000
Materials purchased	2,30,000
Material scrap sold	10,000
Wages paid	1,60,000
Production expenses	40,000

16. 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.

17. The Road Transport Company which keeps a fleet of lorries shows the following information:

Kms run in April	-	30,000
Wages for April	-	Rs.2,000
Petrol oil, etc., for April	-	Rs.4,000
Original cost of vehicles	-	Rs.1,00,00

Depreciation to be allowed at 25% per annum on original cost.

Repairs for the month of April	-	Rs.6,000
Garage rent, etc., for April	-	Rs.1,000
License, Insurance, etc., for the year	-	Rs.6,000

Prepare operating Cost Sheet for April showing the fixed cost, variable and total cost per running kilometre.

18. Prepare statement of equivalent production, statement of cost and process account from the following information:

Unit introduced	7,600
Output (units)	6,000
Process Cost :	Rs.
Materials	14,650
Labour	21,360
Overhead	14,240

Degree of completion of closing work-in-progress

Material	80%
Labour	70%
Overhead	70%

19. From the following information prepare Job No.236 account in the Job Cost Ledger:

	Rs.
Direct materials purchased	3,600
Direct materials received from stores	25,200
Direct wages	14,400
Other direct expenses	1,500

The works overheads are to be taken at 75% of wages and administrative overheads at 25% of works cost. The contract price of Job No.236 which is completed is fixed as Rs.82,500.

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

Answer any **TWO** questions

20. The information given below has been taken from the costing records of an engineering works in respect of job number 303.
Materials Rs. 4,010
Wages :
Dept. A – 60 hours at Rs.3 per hour
Dept. B – 40 hours at Rs.2 per hour
Dept. C – 20 hours at Rs.5 per hour
Overhead expenses for these three departments were estimated as follows:
Variable overheads :
Dept. A – Rs. 5,000 for 5,000 labour hours
Dept. B – Rs. 3,000 for 1,500 labour hours
Dept. C – Rs. 2,000 for 500 labour hours
Fixed overheads :
Estimated at Rs.20,000 for 10,000 normal working hours.
You are required to calculate the cost of job 303 and calculate the price to give a profit of 25% on selling price.

21. Sahara Products Ltd., manufactures a standard product. During the year ending 31st March 2010, the following production details are available:

    Output : 40,000 units ; Opening stock of finished units at Rs.50 each 5,000, Closing stock of finished units 10,000 units at current cost. Sales were at Rs.100 per unit.

    The inventories of materials and work-in-progress were :

	1.4.09		31.3.2010
	Rs.		Rs.
Materials	2,00,000	Material	1,50,000
Work-in-progress	3,00,000	Work-in-progress	2,50,000
The other expenses were:			
Productive wages	10,00,000		
Materials Purchased	15,00,000		
Works expenses	4,00,000		
Depreciation (factory)	1,00,000		

    Prepare a manufacturing and Trading account for the year ending 31.3.2010 showing the cost of manufacturing and gross profit for the period.

22. A Transport company operates two trucks. Following is the data regarding the monthly cost of operating them :

	Trucks	
	A(Rs.)	B(Rs.)
Driver's Salary	250	275
Cleaner's Wages	150	160
Petrol	300	350
Mobil Oil	25	30
Garage Rent	125	125
Taxes and insurance	50	50
Depreciation	560	620
Supervision	100	100
Repairs	120	140
Overheads	40	40

    The two trucks carried 150 tons of goods each during the month of November 2009. The distances covered were 3,500 k.m. and 5,000 k.m. respectively.

    Prepare an operating cost sheet for November 2009 from the above data.

23. A product passes through two distinct processes A and B and then to finished stock. The normal wastage of each process is as follows :

    Process A – 3% of units entering the process
    Process B – 5% of units entering the process

    Wastage of process A was sold at Re. 0.50 per unit and that of process B at Rs.1 per unit. 10,000 units were introduced into process A at a cost of Rs. 2 per unit.

    The other expenses were as follows:

	Process A(Rs.)	Process B(Rs.)
Sundry materials	2,000	3,000
Wages	10,000	16,000
Overhead expenses	2,100	2,375
Actual output	9,500 units	9,100 units

    Prepare process accounts.