

M.Com DEGREE EXAMINATION, NOVEMBER 2019
I Year II Semester
Advanced Cost Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Define Cost Accounting.
2. What is Process Costing?
3. Write a note on Batch Costing.
4. State the meaning of Operating Costing.
5. Explain the term Cost Audit.
6. In a factory a standard product is manufactured. From the following particulars prepare a Cost Sheet.

Materials consumed	Rs.30,000
Wages	Rs.60,000

Works overhead is charged at 40% of prime cost and office overhead is taken at 20% on works cost. Units produced and sold are 180 units at Rs.1,200 each.

7. Samson & Co., produces a product through two processes 'R' and 'S'. The following details pertaining to process 'R' for January 2018 are available.

Inputs:	Rs.
Material(500 units)	10,000
Labour	8,000
Indirect expenses	7,000

Normal loss in the process is estimated at 5% of the input which possesses a scrap value of Rs.31 per unit. Prepare the Process account.

8. Contract price : Rs.4,00,000; Work certified : Rs.3,20,000;
 Cost incurred to date: Rs.2,40,000. Cash received: Rs.2,40,000.
 Ascertain the profit to be transferred to P&L A/c if further estimated cost to complete the contract is Rs.52,000.
9. 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 kilometers per year.

10. From the following particulars, prepare operating cost sheet.

Total units generated	20,00,000 K.W.H.
Operating Labour	Rs.50,000
Repairs	Rs.50,000
Lubricants	Rs.40,000
Plant supervision	Rs.30,000
Administration overheads	Rs.20,000

Coal consumed per K.W.H. = 2.5 kgs., at Re.0.02 per kg.

Depreciation at 5% on capital cost of Rs.20,00,000 per annum.

11. The profit as per cost accounts was Rs.1,50,000. Calculate the profit as per financial accounts on the basis of the following information:
- Works overhead were under recovered in cost accounts by Rs.6,200.
 - Administration expenses were under recovered in financial accounts by Rs.2,750.
 - Depreciation charges over recovered in cost accounts Rs.1,900.
 - Interest received on investments Rs.1,000.
12. Calculate the economic batch quantity for a product using batch costing from the following details:
- | | | |
|-------------------------------------|---|-------------|
| Annual demand for the product | = | 2,000 units |
| Set up cost per batch | = | Rs.10 |
| Cost of carrying inventory per unit | = | Re.1 |

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

Answer any **FIVE** questions

13. What are the objectives of cost audit?
14. Explain the terms waste, scrap and spoilage.
15. The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 2018.

Materials used	Rs.1,50,000
Direct wages	Rs.1,20,000
Factory overheads	Rs.30,000
Administrative expenses	Rs.15,000

Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1,250 and expenditure in productive wages Rs.750, so that the price might yield a profit of 20% on the selling price.

16. Prepare a Reconciliation Statement from the following data:

	Rs.
Net loss as per cost accounts	3,44,800
Net loss as per financial accounts	4,32,890
Works overheads under-recovered in costing	6,240
Depreciation overcharged in costing	2,600
Administration overheads over recovered in costing	2,600
Interest on investments	17,500
Goodwill written off	92,000
Stores adjustment in financial books(cr)	950
Depreciation of stock charged in financial books	13,500

17. 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 costs:

Material Rs. 22,500; Labour Rs. 6,750; Overheads Rs. 2,250.

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

18. Modern printers undertook two jobs during the 1st week of June 1998. The following details are available.

	Job 110	Job 120
Materials supplied	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Materials transfer from job 120 to 110	200	200
Materials returned to stores	-	100

Find the cost of each job and profit or loss if any, assuming that job 120 is completed and invoiced to the customer at Rs.3,000.

19. The following details are available in respect of processes A and B for May 2018:

	Process A	Process B
	Rs.	Rs.
Material 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.

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

Answer any **TWO** questions

20. The Modern manufacturing company submits the following information on March 31, 2018.

	Rs.
Sales for the year	2,75,000
<u>Inventories at the beginning of the year:</u>	
Finished goods	7,000
Work in progress	4,000
Purchase of Materials	1,10,000
<u>Materials inventory:</u>	
At the beginning of the year	3,000
At the end of the year	4,000
Direct labour	65,000
Factory overhead 60% of direct labour cost	
<u>Inventories at the end of the year:</u>	
Finished goods	8,000
Work in progress	6,000
<u>Other expenses for the year were as follows:</u>	
Selling expenses 10% of sales	
Administration expenses 5% of sales	

Prepare a statement of cost.

21. A product passes through two processes and then to finished stock. The normal wastage of each process is as follows: Process A 3% and Process B 5%.

The wastage of process A was sold @ Rs.5 per unit and that of process B at Rs.10 per unit. 20,000 units were introduced into process A at the beginning of January 2018 at a cost at Rs.40 per unit.

Other expenses were as under:

	Process A(Rs.)	Process B(Rs.)
Sundry materials	40,000	60,000
Wages	2,00,000	3,20,000
Manufacturing expenses	30,000	28,500

The output of process A was 19,000 units and that of process B 18,200 units. Prepare the Process Accounts, Normal Loss Account, Abnormal Loss Account and Abnormal Gain Account.

22. From the following information of Velmurugan Construction Company prepare the Contract account for 2018. Also show what part of the profit on the contract should be taken credit of in 2018? The contract was for Rs.8,00,000.

Materials issued from stores	1,50,000
Wages paid	2,20,000
General charges	8,000
Plant installed at site on 1st July 2018	40,000
Materials on hand at close	8,000
Wages accrued due	8,000
Work certified	4,00,000
Work completed but not certified	12,000
Cash received	3,00,000
Materials transferred to other contracts	8,000
Materials received from other contracts	2,000

Depreciation on plant is to be provided at 10% per annum.

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

	Vehicle A
Kilometres run (annual)	15,000
Tonnes 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.