

B.Com. DEGREE EXAMINATION, APRIL 2020
III Year VI Semester
Advanced Cost Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. What is cost plus contract?
2. Seema & Co undertook a contract for construction of a private house. Contract price Rs. 40,00,000. The following were the details.

Material sent to contract site	16,00,000
Labour: Skilled	6,00,000
unskilled	4,00,000
	10,00,000
Subcontracts for plumbing and electricity	4,00,000
Sundry Expenses	2,00,000
Closing stock of material at site	1,00,000

Prepare contract account and determine the profit and loss.
3. What is Escalation Clause?
4. The following data is available in respect of Job. No: 876. Direct Materials: Rs.17,000, Wages 160 hours at Rs.50 per hour. Variable overheads incurred for all jobs 80,000 for 2000 labour hours. Fixed overheads are absorbed at Rs.20/hour. Find the profit and loss from the job if the job is billed for Rs.40,000.
5. A product passes through two processes. The following details relate to process 'A'. You are required to ascertain the process cost to be transferred to process 'B'.

	Rs.
Direct Materials(100 units)	12,000
Direct wages	8,000
Direct Expenses	5,000
Overheads	11,000

Input 1000 units; output 1000 units are there was no loss of units.
6. 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.
7. A company produces 300 units of product R; 200 units of product 'S' and 100 units of product J from a single process. You are required to apportion the joint cost of production among the products, using the average unit cost method.
8. What is contract costing?
9. The following expenses were incurred on an unfinished contract during the accounting year 2010.

Material	90,000
Wages	80,000
Other expenses	5,000

Rs.2,00,000 was received from the contractee, being 80% of the work certified. Work done but not certified was Rs.5000. Determine the profit to be credited to profit & loss account when
 (i) contract price Rs.3,00,0000

10. Write a note on Work certified

11. What is Batch costing

12. Find out the selling price:

Prime cost per unit	: Rs.720
Works overhead	: 20% of work cost
Office overhead	: 10% of cost of production
Selling overhead	: 20% on sales

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

Answer any **FIVE** questions

13. Discuss the cost procedures involved in case of Operational Costing

14. Difference between job costing and contract costing.

15. Number of buses – 10

Days operated in a month 25

Round Trips made by each bus 4

Distance of route 20 km long

Capacity of bus 60 persons

Normal passengers travelling 90% of capacity

Calculate:

a. Total kms covered in a month

b. Total passenger kms

16. From the following particulars relating to four jobs of a manufacturer, ascertain the total cost of each job.

	Job No.1	Job No.2	Job No.3	Job No.4
Direct Materials	800	1,000	1,200	1,400
Direct Wages	400	500	600	700
Direct expenses	80	100	120	140

Works Overhead is 45% on prime cost and office overhead is 15% on works cost.

17. Following amounts have been spent on a contract still unfinished on 31st December 2010

Materials Rs. 80,000

Labour Rs.70, 000

Direct wages Rs.50, 000

Rs. 2, 00,000 have been received from the contractee being 80% of the work certified. Calculate profit to be credited to Profit and Loss account, uncertified work- in -progress being Rs.10, 000.

Total value of the contract is Rs.4, 00,000

18. Compute the Economic batch quantity for a company using batch costing with the following information:

Monthly demand for the component 2,000 units

Setting up cost per batch Rs.120

Annual rate of interest 6%

Cost of manufacturing per unit Rs.6

19. 100 units are introduced into process I at a cost of Rs.9600 and an expenditure of Rs.4800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs.10 per unit. The actual

output of process I is 90 units, transferred to Process II. Prepare Process I a/c, abnormal gain a/c and normal loss a/c.

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

Answer any **TWO** questions

20. The following data are from the costing records of S Ltd., in respect of Job No.78:

Materials consumed Rs.6,000

Wages:

Cutting department 20 hours at Rs.40 per hour.

Shearing Department 10 hours at Rs.40 per hour.

Boring department 5 hours at Rs.60 per hour.

Variable overheads for the the respective departments are estimated as follows:

Cutting department Rs.40,000 for 2000 Direct labour hours.

Shearing department Rs.10,000 for 2500 Direct labour hours.

Boring department Rs.10,000 for 400 Direct labour hours.

Fixed overheads are estimated Rs.1,00,000 for 20,000 normal working hours. You are required to ascertain the cost of Job No:78 and calculate the price to be charged so as to give a profit of 20% on cost.

21. M/s. Arun and Varun undertook a contract for Rs.2,50,000 for constructing a college building. The following is the information concerning the contract during the year 2007.

Particulars	Rs.
Materials sent to site	85,349
Labour engage on site	74,375
Plant installed at site at cost	15,000
Direct expenditure	3,167
Establishment charges	4,126
Materials returned to stores	549
Work certified	1,95,000
Value of plant as on 31.12.2007	11,000
Cost of work not yet certified	4,500
Materials at site on 31.12.2007	1,883
Wages accrued on 31.12.2007	2,400
Direct expenditure accrued on 31.12.2007	240
Cash received from contractee	1,80,000

Prepare contract account, contractee's account and show how the work in progress will appear in the balance sheet as on 31.12.2007

22. Union transport co ltd supplies the following details in respect of a truck of 5 ton capacity.

Cost of truck Rs.90,000

Estimated life 10 years

Diesel, Oil, grease Rs.15 per trip each way

Repairs and maintenance Rs.500 per month

Drivers wage Rs.500 per month

Cleaners wage Rs.250 per month

Insurance Rs.4800 per year

Tax Rs.2,400 per year and Supervision Rs.4,800 per year

The truck carries goods to and from city, covering a distance of 50 miles each way. While going to city full capacity weight is carried but on return journey only 20% of capacity. Assuming that the truck runs on an average 25 days a month work out the operating cost per ton-mile.

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

Process a 30% and process B 5%

The wastage of process A was sold at Rs. 5 per unit and that of process B was sold at Rs.10 per unit. 20,000 units were introduced into process at the beginning of January 2007 at a cost of 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 account, normal loss account, abnormal loss account and abnormal gain account.