

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.
M.Com.(A&F) END SEMESTER EXAMINATIONS APRIL - 2022
SEMESTER - I
20PAFCT1001 - Cost Estimation and Control

Total Duration : 3 Hrs.

Total Marks : 60

Section A

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Give five factors to be taken into consideration for selection of a suitable cost centre.
2. Explain the concepts in cost determination.
3. In the timber industry, the milling operations to the split off point during a period amounted to ₹17,400 with the following production:

First grade timber	400 units
Second grade timber	500 units
Third grade timber	600 units
	<hr/>
	1500 units

You are required to apportion the joint cost on technical evaluation with points 5, 4 and 3 for first, second and third grade respectively.

4. The accounts of Pleasant Company Ltd., show for 2019:
Materials ₹3,50,000; Labour ₹2,70,000; Factory Overheads ₹81,000 and Administration Overheads ₹56,080. What price should the company quote for a refrigerator? It is estimated that ₹1,000 in material and ₹700 in labour will be required for one refrigerator. Absorb factory overheads on the basis of labour and administration overheads on the basis of works cost. A profit of 121/2% on selling price is required.
5. Work out in appropriate cost sheet from the unit cost per passenger km. for the year 2019 – 20 for a fleet of passenger buses run by a Transport company from the following figures extracted from its books: 5 passenger buses costing ₹50,000, ₹1,20,000, ₹45,000, ₹55,000 and ₹80,000 respectively.
Yearly depreciation of vehicles – 20% of the cost. Annual repair, maintenance and spare parts – 80% of depreciation. Wages of 10 drivers @ ₹100 each per month, wages of 20 cleaners @ ₹50 each per month. Yearly rate of interest @ 4% on capital. Rent of six garages @ ₹50 each per month. Director's fees @ ₹400 per month, office establishment @ ₹1,000 per month, licence and taxes @ ₹1,000 every six month, realisation by sale of old tyres and tubes @ ₹3,200 every six months, 900 passengers were carried over 1600 kms. during the year.

Contd...

6. The information given below has been taken from the cost records of a factory in respect of Job No. 707:

Direct Material Rs.4,010

Wages details:

Department – A: 60 hours @ ₹3 per hour

- B: 40 hours @ ₹2 per hour

- C: 20 hours @ ₹5 per hour

The variable overheads are as follows:

Department – A: ₹5,000 for 5,000 hours

- B: ₹3,000 for 1,500 hours

- C: ₹2,000 for 500 hours

Fixed expenses estimated at ₹20,000 for 10,000 working hours. Calculate the cost of the Job No.707 and the price for the Job to give a profit of 25% on the selling price.

7. In process B, 75 units of commodity were transferred from process A at a cost of ₹1,310. The additional expenses incurred by the process were ₹190. 20% of the units entered are normally lost and sold @ ₹4 per unit. The output of the process was 70 units. Prepare Process B account and Abnormal Gain Account.
8. From the following data, calculate materials yield variance:

	Standard Mix	Actual Mix
Material A	200 units @ ₹12	160 units @ ₹13
Material B	100 units @ ₹10	140 units @ ₹10

Standard loss allowed is 10% of input. Actual output is 275 units.

Section B

Part A

Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. Describe the various costs used in decision – making and explain their characteristics.
10. During June 2019, a company was engaged on three jobs, all of which were started on 1st June. The following details relating to the jobs are available:

	Total ₹	Job No. 120 ₹	Job No. 121 ₹	Job No. 122 ₹
Purchase of Materials	5,600	2,000	2,200	1,400
Stores issued	940	240		700
Direct wages	2,200	900	700	600
Materials returned to stores				40

Materials valued at ₹80 were transferred from Job No. 120 to Job No. 122.

Contd..

Overheads for the month amounted to ₹2,800 and overheads are absorbed at 120% of direct wages. Job No.121 was completed during the month and invoiced to the customer at ₹4,200. Prepare

- a) Job Cost Accounts
- b) Work – in – progress Control Account,
- c) Overheads Control Account and
- d) Costing Profit and Loss account for June 2019.

11. From the following figures relating to Jyothi Chemical Products Ltd., calculate net profit for the month of January, 2016 under the following method of costing by – products; a. as other income b. as deduction of cost of goods sold from main product and c. Net by-product revenue credited to production cost.

Sales 5,000 units @ ₹4 per unit.

Direct material – ₹6,000

Direct labour - ₹3,000

Manufacturing overhead – 100% on direct wages.

Total production – 6,000 units.

Selling, distribution and administration cost for the main product ₹1,000.

Selling, distribution and administration cost for by – product ₹800.

Sales realisation from by – product ₹2,500

Cost of processing by – product ₹500.

12. Delhi Transport Company has been given a route of 20 km, long to run a bus. The bus costs the company a sum of ₹50,000. It has been insured at 3% p.a. and the annual tax will amount to ₹1,000. Garage rent is ₹100 p.m. Actual repairs will be ₹1,000 and the bus is likely to last for 5 years.

The driver's salary will be ₹150 per month and the conductor's salary will be ₹100 per month in addition to 10% of the takings as commission (to be shared by the driver and the conductor equally). Cost of stationery will be ₹50 p.m. Manager – cum – accountant's salary is ₹350 p.m.

Petrol and oil will be ₹25 per 100 km. The bus will make 3 round trips carrying on the average 40 passengers on each trip. Assuming 15% profit on takings, calculate the bus fare to be charged from each passenger. The bus will run on an average 25 days in a month.

Contd...

Part B

Compulsory question ($1 \times 10 = 10$ Marks)

13. XYZ forecasts its overhead expenditure for a period as under:

₹30,000 for 10,000 hours

₹27,500 for 9,000 hours

₹25,000 for 8,000 hours

The normal volume of activity is 10,000 hours. During a period 8,750 hours were utilised for a total overhead expenditure of ₹28,750 of which fixed overheads totalled ₹5,250.

The standard utilisation of labour should have been less by 5%.

How will you analyse the overhead variance?
