

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 NOVEMBER - 2022
SEMESTER - I

20PAFCT1001 - Cost Estimation and Control

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

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

1. Describe the need for cost information.
2. Explain the concept of cost determination.
3. The cost of production of units consisting of materials Rs.1,500; Labour Rs.1,300 and overhead Rs.164. The normal rate waste is 5% of input.
Prepare Process Account.
4. Opening work-in-process 2000 units; completed as to:
Materials 80%; Labour 60%; Overhead 60%; Units introduced 3000 units.
Closing work-in-process 3000 units, completed as to:
Materials 80%; Labour 60%; Overhead 60%.
Prepare equivalent production assuming that there is no process loss.
5. The Road Transport Co., Which keeps a fleet of lorriers, gives the following information:
Kilometers run for April 30,000 kms;
Wages for April Rs.2,000;
Petrol, oil etc., for April Rs.4,000;
Original cost of vehicles Rs.1,00,000;
Depreciation to be allowed @ 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 a statement for April, showing the fixed and variable cost per running km.
6. Explain the basic functions of Hospital costing.
7. From the data given below, compute the material price variance, the material usage variance and material mix variance.
Material A Standard 40 units @ Rs.50 per unit and Actual 50 units @ Rs.50 per unit.
Material B Standard 60 units @ Rs.40 per unit and Actual 60 units @ Rs.45 per unit.
8. From the following data, determine overhead variances.
Output Budgeted 15,000 units Actual 16,000 units
Number of working days Budgeted 25, Actual 28 days
Fixed overheads Budgeted Rs.30,000; Actual Rs.30,500;
Variable overhead Budgeted Rs.45,000; Actual Rs.47,000
There was an increase of 5% in capacity.

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Section B

Part A

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

9. The following direct cost were incurred on Job No.205 of Varun Industries.
- Materials Rs.4,300;
- Wages: Department A 60 hours at Rs.3 per hour, Department B 40 hours at Rs.2 per hour and Department C 20 hours at Rs.5 per hour
- Overhead expenses of these departments were estimated as under variable overheads:
- Department A Rs.5,000 for 5,000 labour hours
- Department B Rs.3,000 for 1,500 labour hours
- Department C Rs.1500 for 500 labour hours
- Fixed overheads are estimated at Rs.20,000 for 10,000 normal working hours.
- Compute the cost of Job No.205 and the price to give a profit of 25% on selling price.
10. Prepare the necessary accounts from the following details:
- Material Process A Rs.30,000; Process B Rs.3,000
- Labour Process A Rs.10,000; Process B Rs.12,000
- Overheads Process A Rs.7,000; Process B Rs.8,600
- Input Process A 20000 units, Process B 17500 units
- Normal loss Process A 10%; Process B 4%
- Sale of wastes per unit Process A Re.1; Process B Rs.2
- There was no opening or closing stock or work-in-progress. Final output from Process B was 17,000 units.
11. A transport company supplies the following information in respect of a truck of 5 tonnes 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 p.m.,
- Driver's wages Rs.500 p.m;
- Cleaner's wages Rs.250 p.m.;
- Insurance Rs.4,800 p.a.;
- Taxes Rs.2,400 p.a;
- General supervision charges Rs.4,800 p.a.;
- The truck carries goods to and from the city covering a distance of 50 kms each way. On upward trip, freight is available to the extent of full capacity and on return only to the extent of 20% of capacity. Assuming that the truck runs on an average, 25 days a month.
- Work out: a) Operating cost per tonne km.
- b) Rate per tonne per trip that the company should, if a profit of 50% on freightage is to be earned.
12. In department A, the following data is submitted for the week ended 31st Oct:
- Standard output for 40 hours per week 1,400 units;
- Standard fixed overhead Rs.1,400; Actual output 1,200 units;
- Actual hours worked 32 hours;
- Actual fixed overhead Rs1,500.
- Determine a statement of variances.

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Part B

Compulsory question (1 × 10 = 10 Marks)

13. 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 the units entering the process

Process B 5% of the units entering the process

Wastage of Process A was sold at Re.0.50 per unit and that of Process B at Re.1 per unit. 10,000 units were issued to Process A at a cost of Rs.2 per unit. The other expenses were as follows:

Particulars	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 (Units)	9,500	9,100

Determine Process Account and other accounts
