

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.(CS) - END SEMESTER EXAMINATIONS NOVEMBER - 2022  
SEMESTER - II

**21PMCET2001 - Applied Costing**

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

**Section A**

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

1. 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.12,250 and expenditure in productive wages Rs.750, so that the price might yield a profit of 20% on the selling price. The accounts of a machine manufacturing company disclose the following information for six months ending 31<sup>st</sup> Dec 2019.

	<b>Rs.</b>
Materials Used	15,000
Direct Wages	1,20,000
Factory overheads	30,000
Administrative expenses	15,000

2. Prepare the process account. From the following details. S & Co., produces a product through two processes 'R' and 'S'. The following details pertaining to process 'R' for January 2016 are available.

<b>INPUTS</b>	<b>RS.</b>
Materials (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.

3. Prepare the procedure for preparation of reconciliation of Cost and Financial profits.
4. Compute material (a) cost, (b) Price & (c) Usage variance from the data given,

**Standard:**

Material for 80 kg of Finished product - 100 kg to be used Std price per kg - Re.0.80

**Actuals:**

Finished goods produced - 1,65,000 kg

Materials used - 2,00,000 kg

Actual cost - Rs. 1,70,000

5. 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. ABC printers undertook two jobs during the 1st week of June 2007. The following details are available.

	<b>JOB 110 Rs.</b>	<b>JOB 120 Rs.</b>
Materials supplied	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Material Transfer from job 120 to 110	200	200
Material returned to stores	-	100

**Contd...**

6. Compute from the following details, equivalent production under Average cost method.
- Opening WIP – 5000 units
- Degree of completion: Materials 80%
- Labour 60%
- Overheads 60%
- Units Introduced into the process: 20,000 units
- Closing WIP : 7,500 units
- Degree of completion: Materials 80%
- Labour 60%
- Overheads 60%
- Assume that there are no process losses.
7. Prepare from the following particulars the amount of profit, shown in P & L account by preparing necessary reconciliation account
- (a) Profit shown s per Cost books – Rs.1,40,000.
  - (b) Depreciation shown excess in pass books – Rs.2,000.
  - (c) Interest on investment received – Rs.1,000.
  - (d) Provision made for income tax - Rs. 40,000.
  - (e) Income received for Share transfer – Rs.150.
  - (f) Factory overheads under recovered in cost books-Rs.3,000.
  - (g) Office expenses under recorded in financial books – Rs.1,000.
8. Solve labour variances from the following data which is gathered from the records of Samuel & Co for the month of January 1997,

**Standards for Labour**

Rate: Rs.50 per labour hour.

Hours set per unit: 10 hours.

**Actual data for the month**

Units produced: 1,000.

Hours worked: 12,000.

Actual labour cost: Rs.7,20,000.

**Section B**

**Part A**

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

9. Compute Contract No. 303 account in the contract ledger of Saravana & Co., from the following details.

	Rs.
Direct Materials	16,200
Wages	10,800
Special Plant	8,000
Stores issued	2,880
Loose tools	1,500
Tractor Expenses	3,420
Contract price	40,000

**Contd...**

The contract was completed in 20 weeks. The special plant was returned subject to depreciation at 20% on original cost. The value of loose tools and stores returned were Rs.1,000 and Rs.400 respectively. The book value of the tractor used for the contract was Rs.19,500 and depreciation to be charged to this contract is at 20% per annum on the book value. Provide 7% for administrative expenses on works cost.

10. Prepare a cost statement and show the following from the below transactions,

- (a) Cost of materials used
- (b) Prime Cost
- (c) Works Cost
- (d) Percentage of works overhead to productive wages
- (e) Cost of Production
- (f) Percentage of General overheads to works cost
- (g) Net Profit

Particulars	Rs.
Stock of materials on 1 <sup>st</sup> Jan 2006	20,000
Purchase of materials in January	5,50,000
Stock of Finished goods on 1 <sup>st</sup> Jan 2006	25,000
Productive Wages	2,50,000
Finished goods sold	12,00,000
Works overhead charges	75,000
Office and General expenses	50,000
Stock of materials on 31 <sup>st</sup> Jan 2006	70,000
Stock of Finished goods on 31 <sup>st</sup> Jan 2006	30,000

11. Organise a process accounts and finished goods account from the following information. A product passes through three processes A,B and C. 10,000 units at Re.1 per unit were issued to process 'A'. The other direct expenses were;

Particulars	Process A	Process B	Process C
Sundry materials	1,000	1,500	1,480
Direct labour	5,000	8,000	6,500
Direct expenses	1,050	1,188	1,605

The wastage of process A was 5% process B 4% and process c 5%. The wastage of process A was sold at Re.0.25 per unit, that of B at Re.0.50 per unit and that of C at Re.1 per unit. The overhead charges were 168% of direct labour. The final product was sold at Rs.10 per unit, fetching a profit of 20% on sale.

12. Assess and prepare a Reconciliation Statement for the following

The profit shown by the cost ledger for the year ending 31<sup>st</sup> December 1990 is Rs.21,560 but the profit and loss account prepared as per the financial books shows a Net Profit of Rs.24,600.

**Additional Information:**

You find that the closing stock is overvalued in financial books by Rs.1,200. The factory overheads under absorbed in financial accounts amounts to Rs.2,400. The company has paid Rs.160 as bank charges and Rs.800 interests on loans during the year 1990. It has received a dividend of Rs.400 on shares in other companies.

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## Part B

Compulsory question (1 × 10 = 10 Marks)

13. Compute from the following particulars

- (a) Material cost variance
- (b) Material price variance
- (c) Material usage variance
- (d) Material mix variance
- (e) Material yield variance

Materials	Standard		Actuals	
	Qty (units)	Price (Rs.)	Qty (units)	Price (Rs.)
A	500	6	400	6
B	400	3.75	500	3.60
C	300	3	400	2.80
	<b>1,200</b>		<b>1,300</b>	
Less: Normal loss @ 10%	120		220	
	1,080		1,080	

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