

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. - END SEMESTER EXAMINATIONS APRIL - 2023

SEMESTER - II

20PCOCT2005 - Advanced Cost Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. Explain the cost of elements.
2. Prepare a cost sheet showing cost per unit and show the profit for the month of Jan 2022:

Raw materials consumed	Rs.80,000
Direct Wages	Rs.48,000
Machine hours worked	8,000 hours
Machine hours rate	Rs.4/hr.
Office overhead	10% of work cost.
Selling overhead	Rs.1.50 per unit
Units produced	4,000
Units sold	3,600 at Rs.50 each

3. Solve it :

Batch No. A incurred the following costs:

Department A : 400 labour hours at 5. Per hour

Department B :700 labour hours at 6. Per hour

Direct materials Rs.5,000. Factory overheads are absorbed on labour hours and the rates are Rs.7 per hour for Department A, and Rs.4 per hour for Department B. The firm uses a cost plus system for setting prices and expects a 25% gross profit (sales value minus factory cost). Administration overheads are absorbed at 10% of selling price.

Assuming that 1,000 units were produced in Batch No: A100.

- (a) Calculate the selling price per unit.
- (b) The total amount of administration overheads recovered by Batch no.A100:
and
- (c) The notational net profit per unit.

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4. Compute the following information related to contract No.58 Prepare the Contract account:

	Rs.
Direct materials	45,600
Direct wages	24,400
Special plant	18,400
Stores issued	6,040
Loose tools	3,560
Expenses of tractor :Running materials :	3,500
Wages of drivers etc	4,540
Other direct charges	2,560

The contract was completed in 26 weeks at the end of which plant was returned subject to depreciation at 15% p.a. on original cost. The value of loose tools and stores were returned Rs.2,260 and Rs.840 respectively. The value of tractor was Rs.40,000 and depreciation was to be charged to this contract at 20% p.a. Administration expenses at 10% on total works cost. The contract price was Rs.1,25,000.

5. Mr.Ram produces the product "TOM" which goes through three distinct process. The following information is available from his accounts:

Items	Process I	Process II	Process III
	(Rs.)	(Rs.)	(Rs.)
Direct Material	10,000	6,000	4,000
Direct wages	4,000	2,000	2,000
Direct expenses	8,000	4,000	2,000

Indirect expense incurred are Rs.8,000 which are recovered on the basis of 100% of direct wages. You are required to prepare process accounts.

6. Reena Bros. undertook a building construction contract. The contract was commenced on 1.1.2013 and completed on 30.6.2013. He incurred the following expenses:

Materials consumed	Rs.16,750
Materials in hand on 30.6.2013	Rs.4,750
Wages	Rs.14,250
Direct expenses	Rs.72,600
Plant purchased	Rs.36,000

Provide depreciation @10% p.a on plant. Indirect expenses amount to 20% on wages. Prepare contract a/c and contractee's a/c in the books of contractor.

7. How is the unit of cost is determined in hotel costing? Explain.
8. Explain the types of cost audit.

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Section C

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

9. Following extract of costing information relates to a commodity for the year ended 31-4-2013:

	Rs.
Stock on 1-4-2012:	
Raw materials	5,000
Finished goods(1,000 tons)	4,000
Stock on 31-3-2013:	
Raw materials	5,560
Finished goods(2,000 tons)	8,000
Raw materials purchased	30,000
Direct wages	25,000
Rent, rates and taxes of factory	10,000
Carriage inwards	360
Work in progress on 1-4-2012	1,200
Work in progress on 31-3-2013	4,000
Sale of finished goods	75,000
Cost of factory supervision	2,000

Advertisement and selling expenses amount to Re.0.25 per ton sold.16,000 tonnes were produced during the year.Prepare statement showing (a) the value of raw materials used; (b) the cost of output for the year;(c) the cost of the turnover for the year;(d) the net profit for the year and the net profit ton of the commodity.

10. In a factory the output of a product passes through two processes P and Q. In each process 5% of the total weight put in is lost and 10% scrap which realise from process P and Q Rs.40 and Rs.100 per ton respectively.

	Processes	
	P	Q
Materials consumed (in tons)	1,600	112
Cost of materials per ton (Rs.)	250	400
Wages	28,800	19,200
Manufacturing expenses	12,000	8,000

Prepare process accounts.

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11. Print well Ltd. took up two jobs during the first week of April 2003. The following details are available:

	Job 101	Job 102
	Rs.	Rs.
Materials supplied	6,000	3,000
Wages paid	1,350	900
Chargeable expenses	300	150
Materials transferred from Job 102 to 101	300	300
Materials returned to stores	-	150

Prepare the cost of each job and profit or loss if any, assuming that job 102 is completed and invoiced to the customer at Rs.5,000.

12. Enumerate the biggest problem with cost based transfer prices.

II - Compulsory question (1 × 10 = 10 Marks)

13. Mr. Anand owns a fleet of taxis and the following information is available from the records maintained by him.

Number of taxis	10
	Rs.
Cost of each taxi	54,600
Salary of manager	700 p.m.
Salary of accountant	500 p.m.
Salary of cleaner	200 p.m.
Salary of mechanic	400 p.m.
Garage rent	600 p.m.
Insurance premium	5% p.a.
Annual tax	Rs.900 per taxi
Driver's Salary	Rs.350 p.m.
Annual repairs	Rs.1,000 per taxi

Total life of a taxi is about 2,00,000 km. A taxi runs in all 3,000 km in a month and 30% of this distance has to be run without any passenger. Petrol consumption is one liter for every 10 km at Rs.4.41 per liter. Oil and other expenses are Rs.10.50 per 100 km. Calculate the cost of running taxi per km.
