

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 APRIL - 2023
SEMESTER - II

21PMCET2001 - Applied Costing

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. Explain the differences between financial accounting and management accounting.
2. From the following particulars, prepare a cost sheet showing the selling price per unit.

Rs.

Raw Materials 9,100

Labour and other direct expenses 4,000

Factory expenses 80% of the labour and other direct expenses.

Office overheads 10% of works cost.

Selling and distribution expenses Rs.2 per unit sold.

Units produced and sold – 10,000

Percentage of profit – 20% on selling price.

3. Explain the objectives of Job Costing.
4. Koushik Ltd., under took a contract, the contract price being Rs.1,00,000. The contract commenced on 1st January 2005. During the year work certified was valued at Rs.50,000 of which 75% was received. Work uncertified amounted to Rs.10,000. The following expenses were incurred:
Materials – Rs.30,000; Labour – Rs.20,000; Plant Rs.10,000; direct expenses – Rs.8,000; Indirect expenses – Rs.5,000. At the end of the year wages accrued were Rs.2,000; Materials in hand Rs.1,000 and plant in hand Rs.1,500. Prepare Contract Account.
5. Calculate cost per unit in process 'A' from the following details:
Units introduced : 100@ Rs.20 per unit.
Other expenses : Rs.5 per unit
Normal loss : 20% of Input
Scrap value : Rs.5 per unit
Actual output : 80 units.

Contd...

6. Find out the profit as per cost accounts from the data available as under for the year 2008.

	Rs.
Profit as per financial records	60,000
Depreciation charged in financial accounts	10,000
Depreciation recovered in cost accounts	8,000

7. Describe the different levels of material control in detail.
8. From the following details you are required to calculate material price variance:

Standard price per k.g. of chemical 'Y'	Rs.400
Stock at the beginning of the period	200 kgs
Purchases during the period	800 kgs at Rs.425 per kg.
Closing stock at the end of the period	300 kgs.

Section C

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

9. Explain the advantages and disadvantages of Cost Accounting System.
10. The following information relates to contract No.123. You are required to prepare the contract account and contractee's account assuming that the amount due from the contract was fully received.

	Rs.	Rs.
Direct material		20,250
Direct wages		15,500
Stores issued		10,500
Loose tools		2,400
Tractor expenses:		
Running material	2,300	
Wages of drivers	3,000	5,300
Other direct expenses		2,650

The contract price was Rs.90,000 and the contract took 13 weeks in its completion. The value of loose tools and stores returned at the end of the period were Rs.200 and Rs.3,000 respectively. A plant was also used and returned at a value of Rs.16,000 after charging depreciation at 20%. The value of tractor was Rs.20,000 and depreciation was to be charged at 15% per annum. The administration and office expenses are to be provided at 10% on works cost.

11. The Hi-tech manufacturing company is presently evaluating two possible processes for the manufacture of a toy and makes available to you the following information:

	Process A	Process B
	Rs.	Rs.
Variable cost per unit	12	14
Sale price per unit	20	20
Total fixed costs per year	30,00,000	21,00,000
Capacity (in units)	4,30,000	5,00,000
Anticipated sales (next two years in units)	4,00,000	4,00,000

You are required to suggest:

- (i) Which process should be chosen? Substantiate your answer.
 - (ii) Would you change your answer as given above if you were informed that the capacities of the two processes are: A - 6,00,000 units, B - 5,00,000 units? Why? Substantiate your answer.
12. Materials used Rs.105
Direct Wages Rs.140
Direct Labour hours – 35 hrs
Estimated Factory overhead for the year Rs.52,500
Estimated Labour hours for the year 1,05,000
Compute the overhead to be charged on the basis of the Direct Labour Hour Rate.

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

13. The net profits of Nidhi Limited according to financial accounts was Rs.84,377 while profits shown by cost accounts was Rs.1,06,200 for the same year. Prepare reconciliation statement to reconcile both the profits from the following information:

		Rs.
(i)	Depreciation charged in financial accounts	5,600
	while recovered in cost accounts	6,250
(ii)	Works overheads under absorbed in cost accounts	1,560
(iii)	Office overheads over-recovered in cost accounts	850
(iv)	Interest on loans (credit) not included in cost accounts	4,000
(v)	Loss due to obsolescence charged in financial accounts	2,850
(vi)	Bank interest and dividends received	375
(vii)	Income-Tax paid	20,150
(viii)	Loss due to depreciation in inventories charged in financial accounts	3,375
(ix)	Stores adjustment credited in financial accounts	237
