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M.Com. / M.Com. WITH COMPUTER APPLICATIONS
(CBCS) DEGREE EXAMINATION, APRIL 2020.

Fourth Semester

Commerce – Main

ADVANCED COST ACCOUNTING

(For those who joined in July 2016 and afterwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Cost accounting is based on _____ figures.
 - (a) Approximated
 - (b) Estimated
 - (c) Historical
 - (d) None of these

2. Sale of defective is reduced from ____.
- (a) Work cost
 - (b) Prime cost
 - (c) Cost of production
 - (d) Cost of sales.
3. Bincard is a record of ____ only.
- (a) Quality (b) Numbers
 - (c) Values (d) Quantity
4. The payment made on the ____ is cost of indirect labour.
- (a) Time keeper (b) Welder
 - (c) Tailor (d) Machine operator
5. The stage of production at which separate products are identified as known as ____.
- (a) Process costing
 - (b) Reserve cost method
 - (c) Subsequent cost
 - (d) Equivalent production

6. Job costing deals with
- (a) Repair shop
 - (b) Ship building
 - (c) Sugar industry
 - (d) Transport companies
7. Incomplete Contract reveals ____.
- (a) Gross profit (b) Net profit
 - (c) Operating profit (d) National profit
8. Operating costing is a ____.
- (a) Procedure costing (b) Technique costing
 - (c) Norms costing (d) Method of costing
9. ____ gains and losses are completely excluded from cost accounts.
- (a) Abnormal (b) Normal
 - (c) Over (d) Under
10. ____ system of accounts is more economically compared to maintenance of art as well as financial records.
- (a) Computer (b) Operating
 - (c) Information (d) Integrated

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Discuss the characteristics of a good costing system.

Or

- (b) Calculate prime cost, factory cost, cost of production, cost of sales and profit from the following details:

Direct materials Rs. 1,50,000; Direct wages Rs.70,000; Direct expenses Rs.5,000; Factory expenses Rs.15,000; Administrative expenses Rs.10,000; Selling expenses Rs.3,500; Sales Rs.2,75,000.

12. (a) Calculate Economic Order Quantity from the following:

Consumption during the year	600 units
Ordering cost	Rs.12
Carrying cost	20%
Price per unit	Rs.20

Or

- (b) Calculate labour hour rate from the following:

Total number of workers	100
Working days in a year	300
No. of hours per day worked	8
Idle time 5 %	
Factory overheads	Rs.11,400
Gift to workers	Rs.1,000

13. (a) Sketch the features of process costing.

Or

- (b) The following information is available from the Job ledger in respect of Job No.606.

Materials	Rs.3,400
Wages 80 hours at	Rs. 2.50

Variable overheads incurred for all Jobs is Rs.6,000 for 4,000 labour hours. Calculate the profit earned on job No.606 if it is billed for Rs.4,220.

14. (a) From the following information, calculate kilometers and total passenger kilometers.

No of buses	:	4
Days operated in a month	:	30
Trip made by each bus	:	2
Distance of route	:	100 kilometers long

		(one way)
Capacity of bus	:	40 passengers
Normal passengers travelling	:	75% of the capacity

Or

- (b) Distinguish between job costing and contract costing.
15. (a) From the following information prepare a reconciliation statement.
- (i) Profit as per cost accounts-Rs. 54,800
 - (ii) Under absorption of factory overhead in cost accounts-Rs.2,600
 - (iii) Over absorption administration overhead in cost accounts-Rs.1,200
 - (iv) Interest paid include only in financial accounts-Rs.800
 - (v) Dividend received- Rs. 2,000
 - (vi) Profit as per financial accounts - Rs. 54,600

Or

- (b) State the need for reconciliation of cost and financial accounts.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Bring out the distinction between management accounting and cost accounting.

Or

- (b) The accounts of a machine manufacturing company disclose the following information for the six months ending 31st Dec 2018.

	Rs.
Materials used	1,50,000
Direct Wages	1,20,000
Factory Overhead Expenses	30,000
Office Expenses	15,000

Prepare a Cost Sheet of the machines and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs. 1,250 and expenditure in productive wages of Rs. 750, so that the price may yield a profit of 20% on the selling price.

17. (a) Prepare stores ledger account, pricing the issues at
- (i) Simple average rate and
 - (ii) Weight average rate

	Receipts		Issues
	Qty.	Rate	
15.3.18	200	Rs.2	-
18.3.18	300	Rs.2.40	-
25.3.18	-	-	250
28.3.18	250	Rs.2.60	-
30.3.18	-	-	200

Or

- (b) Mention the different methods of classification of overheads.

18. (a) A product passes through three distinct processes to completion during March, 500 units were produced. From the following prepare process accounts showing the total cost as well as cost per unit.

	Process I	Process II	Process III
	Rs.	Rs.	Rs.
Materials	10,000	7,000	3,000
Labour	2,500	2,000	2,500
Direct expenses:			
Fuel	500	1,000	500
Carriage	2,000	500	1,000
Works overhead	2,000	2,500	2,000

Indirect expenses Rs. 14,000 should be apportioned on the basis of wages.

Or

- (b) Explain the methods may be employed in costing joint product.

19. (a) The following was the expenditure on a contract for 6,00,000. Work commenced in January 2018.

Materials	Rs.1,20,000
Wages	Rs.1,64,400
Plant	Rs.20,000
Business expenses	Rs.8,600

Cash received on account was Rs.2,40,000. being 80 per cent of work certified. Value of materials on hand at 31.12.18.was Rs.10,000. Prepare the contract account 2018 showing the profit to be credited to profit and loss account. Plant is to be depreciated at 10 percent.

Or

- (b) Compute cost per running kilometer from the following data of a vehicle

Estimated life of vehicle 1,50,000 kms.

Annual running 6,000 kms.

	Rs.
Cost of vehicle	1,50,000
Road license (Annual)	5,000
Insurance (Annual)	1,000
Garage rent (Annual)	6,000
Cost of petrol per litre	24

Drivers' wages per month	200
Kms. per litre	8
Proportionate charges for tyre and maintenance per Km.	0.20

20. (a) State the reasons for differences between profit shown in cost and financial accounts.

Or

- (b) Prepare reconciliation statement from the following details:

	Rs.
Net loss as per cost accounts	3,44,800
Net loss as per financial accounts	4,32,890
Works overhead under recovered in costing	6,240
Depreciation overcharged in costing	2,600
Interests on investment	17,500
Administrative overhead over recovered in costing	2,600
Goodwill written off	92,500
Store adjustment in financial books (cr.)	950
Depreciation of stock charged in financial books	13,500