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M.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2022.

Fourth Semester

Commerce – Core

ADVANCED COST ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Classification of cost is useful to
 - (a) Find gross profit
 - (b) Find net profit
 - (c) To identify costs
 - (d) None of these

2. Tender is an
- (a) Estimation of cost only
 - (b) Estimation of profit only
 - (c) Estimation of selling price
 - (d) Cost of sales
3. Time study is for
- (a) Measurement of work
 - (b) Fixation of standard time
 - (c) Ascertainment of actual hours
 - (d) Measurement of time
4. Charging output with overhead at some reasonable rate is called
- (a) Allocation (b) Absorption
 - (c) Apportionment (d) Reproduction
5. Job costing is the most suitable method for
- (a) Oil processing units
 - (b) Transport companies
 - (c) Sugar industry
 - (d) Repair shops

) Briefly explain the advantages of cost audit.

Or

) Journalise the following transactions assuming cost and financial accounts are integrated.

Particulars	Rs.
Raw materials purchased on credit	20,000
Direct Materials issued to production	15,000
Wages paid (30% indirect)	12,000
Wages charged to production	9,500
Manufacturing expenses paid	8,400
Manufacturing overheads charged to production	9,200
Selling and distribution expenses incurred	2,000
Finished Product (at cost)	20,000
Debtors (on credit)	29,000
Closing Stock	Nil
Receipts from debtors	6,900
Payments to creditors	11,000

6. Batch costing is useful to determine

- (a) Maximum quantity of output
- (b) Minimum quantity of output
- (c) Economic batch quantity
- (d) Maximum quality of output

7. When there is loss on an incomplete contract, the transfer to P & L A/c is

- (a) Proportionate loss to work certified
- (b) Proportionate loss to cash received to work certified
- (c) Full amount of the loss
- (d) Work uncertified

8. Operating costing is widely used in

- (a) Chemical manufacturing
- (b) Textile industry
- (c) Transport industry
- (d) Sugar industry

9. Over valuation of opening stock in financial accounts

- (a) Decreases costing profit
- (b) Increases financial accounts profit
- (c) Decreases financial accounts profit
- (d) All of the above

10. Under integral accounting there will be only figure of profit

- (a) two (b) three
(c) one (d) four

PART B — (5 × 5 = 25 marks)

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

11. (a) During the Year 2018, X Ltd., produced 50,000 units of product. The following were the expenses:

Particulars	Rs
Stock of raw materials on 1.1.2018	10,000
Stock of raw materials on 31.12.2018	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a Cost Sheet showing cost per unit and total cost at each stage.

Or

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19. (a) Delhi Transport Company has been given a route of 20km long to run a bus. The bus costs the company a sum of Rs. 50,000. It has been insured at 3% p.a. and the annual tax will amount to Rs. 1,000. Garage rent is Rs. 100 p.m. Actual repairs will Rs. 1,000 and the bus is likely to last for 5 years.

The driver's salary will be Rs. 150 per month and the conductor's salary will be Rs. 100 per month in addition to 10% of the takings as commission (to be shared by the driver and the conductor equally). Cost of stationery will be Rs.50 p.m. Manager-cum-accounting salary is Rs.350 p.m.

Petrol and oil will be Rs.25 per 100km. The bus will make 3 round trips carrying on the average 40 passengers on each trip. Assuming 15% profit on takings, calculate the bus fare to be charged from each passenger. The bus will run on an average 25 days in a month.

Or

(b) Distinguish between Job Costing and Contract Costing.

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- b) In manufacturing the main product A a company processes the resulting waste material into two by-products, B₁ and B₂. Using reverse cost method of by-products, prepare a Comparative Profits and Loss Statement of the three products from the following data:

- (i) Total cost upto separation point was Rs. 68,000

	A	B ₁	B ₂
(ii) Sales (all production)	1,64,000	16,000	24,000
(iii) Cost after separation	—	4,800	7,200
(iv) Estimated net profit percentage to sale value	—	20%	30%
(v) Estimated selling expenses as percentage of sales value	20%	20%	20%

- (b) The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 1920.

Particulars	Rs.
Materials used	1,50,000
Direct wages	1,20,000
Factory overheads	30,000
Administrative expenses	15,000

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. 1,250 and expenditure in productive wages Rs.750, so that the price might yield a profit of 20% on the selling price.

12. (a) What are the objectives of material control?
Or

- (b) From the following information calculate the labour turnover rate:

Number of workers at the beginning of the period: 3800

Number of workers at the end of the period : 4200

During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year; of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

13. (a) The following data is available in respect of Job No.876:

Direct Materials : Rs. 17,000; Wages 160 hours at Rs.50 per hour. Variable overheads incurred for all jobs Rs. 80,000 for 2000 labour hours. Fixed overheads are absorbed at Rs.20 per hours. Find the profit or loss from the job if the job is billed for Rs. 40,000.

Or

- (b) Prepare a process account from the following along with abnormal loss account and normal loss account.

Material issued to process 1000 kgs at Rs.200 each; wages Rs.1,40,000 and overhead Rs. 20,000. Normal loss 10% of input. Actual output 800kgs.

14. (a) The following is the information relating to Contract No 123.

Particulars	Rs.
Contract Price	6,00,000
Wages	1,64,000
General expenses	8,600
Raw Materials	1,20,000
Plant	20,000

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- (b) The standard time allowed for the job is 30 hours. The hourly rate of guaranteed wages is Rs.1.50. Because of the saving in time, a worker X gets an hourly wage of Rs. 1.80 under Rowan Premium Bonus system. For the same saving in time, calculate the hourly rate of wages a worker Y will get under Halsey Premium Bonus System.

18. (a) 100 units are introduced into process I at a cost of Rs. 9,600 and an expenditure of Rs. 4,800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs.10 per unit. The actual output of process I is 90 units, transferred to process II. Prepare Process I Account, Abnormal gain Account and Normal Loss Account.

Or

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You are asked to ascertain (i) Cost of raw materials used, (ii) Cost of output for the period, (iii) Cost of sale (iv) Net profit for the period and (v) Net profit per ton of the commodity.

- 9) The following transactions in respect of Material T20 occurred during the six months ended December 31:

Date	Purchases Kgs.	Price per kg. (Rs.)	Issues Kgs.
July	220	2.50	250
August	250	2.40	220
September	240	2.60	200
October	220	2.30	240
November	260	2.50	210
December	200	2.275	210

The opening stock on July 1 was 240kgs. at Rs.2.40 per kg

The closing stock on December 31 was 300kgs. at Rs.2.39 per kg.

Do you consider the value of the closing stock shown above to be justifiable one? Give reasons.

Or

As on date, cash received was Rs.2,40,000 being 80% of work certified. The value of materials remaining at site was Rs. 10,000. Depreciate plant by 10%. Prepare contract account showing profit to be credited to P&L A/c.

Or

- (b) A transport company operates 4 buses on a route 100 kms. long. Each bus makes three round trips per day on all 30 days in a month. On an average 20% of the vehicles are in garage for repairs and maintenance. Ascertain the total distance covered by the buses in one-month period.

15. (a) The following transactions took place for the month of March in ABC Co. Ltd. Enter the transactions in the cost books.

Particulars	Rs.
(i) Materials Purchased:	
(1) Credit purchases	3,000
(2) Cash purchases	1,000
(3) Credit purchases for a special job	500
(ii) Returned to suppliers	250
(iii) Direct materials issued to jobs	2,000

- (iv) Indirect material issued to jobs 500
- (v) Materials returned from jobs to store 200
- (vi) Material transferred from Job no. 10 to Job no. 20 50

Or

(b) From the following transactions, pass journal entries in Integrated Accounts

- (i) Purchased raw materials on credit
- (ii) Wages paid
- (iii) Production overheads incurred
- (iv) Sales (on credit).

PART C — (5 × 8 = 40 marks)

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

16. (a) State and explain the main differences between financial accounting and cost accounting.

Or

(b) The following extract of costing information relates to commodity 'A' for the half year ending 31st December, 2019

Particulars	Rs.	Particulars	Rs.
Purchases of Raw Materials	1,20,000	Stock(31 st Dec. 2019):	
Works Overheads	48,000	Raw materials	22,240
Direct Wages	1,00,000	Finished products (2,000 tons)	32,000
Carriage on purchases	1,440	Work-in-progress (1 st July, 2019)	4,800
Stock (1 st July, 2019):		Work-in-progress (31 st Dec. 2019)	16,000
Raw Materials	20,000	Sales-Finished Products	3,00,000
Finished Products (1,000tons)	16,000		

Selling and distribution overheads are Rs.1 per ton sold. 16,000 tons of commodity were produced during the period.