

**VIVEKANANDHA COLLEGE FOR WOMEN
UNJANAI, TIRUCHENGODE.
MODEL EXAMINATION, APRIL, 2015
M.Com.(CA)
Second Semester
ADVANCED COST ACCOUNTING**

Time: Three hours

Maximum: 75 marks

PART A – (5X5=25 marks)

Answer ALL questions.

1. (a) List out the essentials of good costing system.

(Or)

- (b) Draw a statement of cost from the following:

	Rs.
Opening stock:	
Materials	2,00,000
WIP	60,000
Finished goods	5,000
Closing stock:	
Materials	1,80,000
WIP	50,000
Finished goods	15,000
Materials purchased	5,00,000
Direct wages	1,50,000
Manufacturing expenses	1,00,000
Sales	8,00,000
Selling and distribution	20,000

2. (a) Calculate the economic order quantity from the following information. Also state the number of orders to be placed in a year.

Consumption of material p.a.	10,000 kg.
Ordering cost per order	Rs.50
Cost per kg. of raw materials	Rs.2
Stock costs 8% on average inventory.	

(Or)

- (b) From the following data, calculate the inventory turnover ratio:

	Material X	Material Y
Opening stock	Rs.25,000	87,500
Closing stock	15,000	62,500
Purchases	1,90,000	1,25,000

Determine the fast moving materials.

3. (a) Calculate the machine hour rate for machine A.

Cost of machine	Rs.16,000
Estimated scrap value	Rs.1000
Effective working life	10,000 hours
Average repairs and maintenance for a 4 weekly period	Rs.120
Running hours for a 4 weekly period	160 hours
Standing charges allocated to machine A for a 4 weekly period	Rs.40
Power	4 units per hour at a cost of 25 paise per hour.

(Or)

(b) From the following particulars supplied by the personnel department of a fire, calculate labour turnover:

Total No. of employees at the beginning of the month	2010
No. of employees who are recruited during the month	50
No. of employees who left during the month	30
Total No. of employees at the end of the month	1990

4. (a) The following information is available from the job ledger in respect of job No.606 Materials Rs.3,400, Wages 80 hours @ 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.

(Or)

(b) Following expenses were incurred by a contractor on a contract which he started on 1st January:

	Rs.
Materials	40,000
Wages	50,000
Other expenses	15,000
Plant at cost	50,000
Work certified	1,20,000
Work uncertified	60,000
Materials on hand (on 31 st De	11,000
Plant value at close	43,000
Cash received from contractee	1,00,000
Materials returned to store	2,000
Prepare contract account assuming that the contract price was Rs.3,50,000.	

5. (a) From the following information, prepare process II account.

Transfer from process I, 1,000 units @ 4 p.u.

Labour cost Rs.1,000

Materials Rs.3,500

Production overheads Rs.700

Normal process loss has been estimated at 10% of the input which can be sold for Rs.2 per unit. Actual production realised was 850 units.

(Or)

(b) Position of Alfa Ltd. For the year 2012:

	Rs.
Sales	2,00,000
Variable overheads	1,50,000
Gross Profit	50,000
Fixed overheads	15,000
Net Profit	35,000

Find out: (i) P/V Ratio (ii) BEP

PART B – (5X10=50 marks)

Answer ALL questions.

6. (a) Discuss the various ways in which costs may be classified.

(Or)

(b) The following are the costing records of a manufacturing concern for the year 2010.
 Production 1,000 units, cost of raw materials Rs.20,000, Labour cost Rs.10,000, Factory overheads Rs.9,000, Office overheads Rs.3,000, Selling overheads Rs.1,500, Rate of profit 25% on sales.

The manufacturer decided to produce 1,500 units during 2011. It is estimated that cost of raw materials will increase by 25%. Labour cost will increase by 20%. Selling overheads will be reduced by 10%. Rate of profit will remain the same. The factory and office overheads remain fixed in total as in 2010.

From the above particulars prepare a statement of estimate showing the selling price in 2011.

7. (a) Prepare stores ledger account from the following:

Jan. 1 Purchased 500 kg at Rs.20 per kg.
 10 Purchased 300 kg at Rs.21 per kg.
 15 Issued 600 kg.
 20 Purchased 400 kg at Rs.22 per kg.
 25 Issued 300 Kg.
 27 Purchased 500 kg at Rs.21 per kg.
 31 Issued 200 kg.

Adopt the base stock method of issue and ascertain the value of closing stock. Base stock 200 kg.

(Or)

(b) Two materials X and Y are used as follows:

Minimum usage 50 units per week, and maximum usage 150 units per week each, normal usage 100 units per week each, ordering quantities X – 600 units, Y – 1,000 units. Delivery period

X – 4 to 6 weeks, Y – 2 to 4 weeks. Calculate for each materials

(i) minimum stock level (ii) maximum stock level and (iii) ordering level.

8. (a) In a factory, there are two service departments P and Q and three production departments A,B and C. In April, departmental expenses were:

A Rs.6,50,000 P Rs.1,20,000

B Rs.6,00,000 Q Rs.1,00,000

C Rs.5,00,000

The service department expenses are allotted on a percentage basis as follows:

	Service Department			Production Departments		Service Department	
	A	B	C	X	Y		
P		30%	40%	15%		---	15%
Q	40%	30%	25%		5%	---	

Prepare a statement showing the distribution of the two service department expenses to three production departments under the Repeated Distribution Method.

(Or)

(b) The net profit shown by financial accounts of a company amounted to Rs.2,85,500 while the profits as per cost accounts for that period were Rs.3,88,600. On reconciliation, the following

Differences were noticed.

(a) The following items were included in the financial books:

Director fees (Dr.) Rs.6,500
 Bank interest (Cr.) Rs.300
 Income tax (Dr.) Rs.83,000

- (b) Bad and doubtful debts for Rs.5,700 were written off in financial books.
 (c) Overheads in cost accounts absorbed were 85,000 while the actuals were Rs.83,200.
 (d) A net loss of Rs.10,000 On sale of old machinery was dealt with in the financial books.
 Reconcile the profit between cost and financial accounts.

9. (a) A firm of builders carrying out large contracts kept in a contract ledger separate accounts for each contract. The following particulars relate to a certain contract carried out during the year ended 30th June.

	Rs.
Work certified by architects	1,43,000
Cash received from the contractee	1,30,000
Materials sent to site	64,500
Labour engaged on site	54,800
Plant installed at site	11,300
Value of plant at 30 th June (closing)	8,200
Cost of work not yet certified	3,400
Establishment charges	3,250
Direct expenditure	2,400
Wages accrued due	1,800
Materials closing balance	1,400
Materials returned to store	400
Direct expenses accrued due	200
Contract price	2,00,000

You are required to prepare an account, showing the profit on the contract upto 30th June.

(Or)

- (b) From the following data, prepare
 (i) Statement of equivalent production
 (ii) Statement of cost
 (iii) Statement of evaluation
 (iv) Process account

Input in process X – 2000 units.

Completed and transferred to process Y – 1600 units.

Work-in-process at the end of the period – 400 units.

Stage of completion:

Materials – 80%

Labour – 70%

Overheads – 70%

Normal process loss – 100 units

Value of scrap – Rs.2 p.u.

Value of raw materials – Rs.14,700, Wages Rs.10,680 and overheads Rs.7,120.

10. (a) you are given the following data for the year 2004 of the company:

	Rs.
Variable cost	6,00,000
Fixed cost	3,00,000
Net profit	1,00,000
Sales	10,00,000

Find (a) P/V Ratio (b) B.E.P. (c) Profit when sales amounted to Rs.12,00,000
(d) Sales required to earn a profit of 2,00,000.
(Or)

(b) Assuming that the cost structure and selling prices remain the same in periods I and II, find out:

- (i) P/V Ratio
- (ii) Fixed cost
- (iii) BEP for sales
- (iv) Profit when sales are Rs.1,00,000
- (v) Sales required to earn a profit of Rs.20,000 and
- (vi) MOS at a period of Rs.15,000
- (vii) Variable cost in period II.

Period	Sales Rs.	Cost Rs.	Profit Rs.
I	1,20,000	1,11,000	9,000
II	1,40,000	1,27,000	13,000