

Reg. No.:.....

Code No. : 7427

**Sub. Code : HKCM 41/
HKAM 41**

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 2012–2015)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer

1. Cost accounting is differs from financial accounting in respect of
 - (a) Reporting of cost
 - (b) Ascertaining cost
 - (c) Control of cost
 - (d) Recording cost

2. An important feature of a cost center is that
- (a) it must be one specific location only
 - (b) it has clearly defined boundaries
 - (c) it uses only monetary information's
 - (d) it must be an area of the business through which product pass
3. Which of the method of costing can be use in a large oil refinery?
- (a) Job costing (b) Unit costing
 - (c) Process costing (d) Operating costing
4. A bakery producing cake, biscuits and breads should be treated as
- (a) Joint product (b) Main product
 - (c) Co-products (d) By- products
5. Classification and accumulation of cost by fixed and variable cost is of special importance in
- (a) Output costing (b) Process costing
 - (c) Operating costing (d) Batch costing

6. A lorry delivers goods to intermediate destinations on a journey from X and Y where vehicle space is the limiting factor. Which of the following is the most appropriate cost charge rate?
- (a) Per cubic meter
 - (b) Per mile
 - (c) Per cubic meter mile
 - (d) Per ton mile
7. Cinema house must adopt
- (a) Contract costing (b) Operating costing
 - (c) Batch costing (d) Job costing
8. Composite unit is a distinctive feature of
- (a) Single costing (b) Operating costing
 - (c) Process costing (d) Multiple costing
9. Cost and financial accounts are reconciled under
- (a) Integral system
 - (b) Cost control accounts system
 - (c) Under both (a) and (b)
 - (d) None of these

10. When costing profit is Rs 13,500 and a charges in lieu of rent is Rs 2,000, the financial profit should be
- (a) Rs 13,500 (b) Rs 11,500
(c) Rs 15,500 (d) None of these

PART B — ($5 \times 5 = 25$ marks)

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

11. (a) Define cost accounting? State the objectives of cost accounting.

Or

- (b) What are the difficulties in installing a costing system?

12. (a) Differentiate process costing from job costing.

Or

- (b) Mars limited obtained three By-products whose details are given below:

X = 440Kg

Y = 320 Kg

Z = 160 Kg

Material cost = Rs 15,000. Labour = Rs 9,500;
Overheads = Rs 6,000. Apportion the total cost to the By-products.

13. (a) What are the objectives of transport costing?
Give a detailed procedure of transport costing

Or

- (b) Rohini cinemas has three types of accommodation. The details are given below:

Particular	Balcony	Class I	Class II
Weightages	5	3	2
Average seat occupancy	90%	90%	90%
Number of seats	300	400	600

The cinema hall runs 4 shows on all 30 days in a month. Calculate the number of man shows in a month.

14. (a) From the following data calculate the cost per mile of a vehicle:

Particulars	Rs.
Value of vehicles	1,00,000
Road tax per annum	500
Insurance charges per year	400
Garage rent per year	1,200
River's wage per month	600
Cost of petrol per liter	6.40
Tire an maintenance per mile	0.80
Miles per liter	8 miles
Estimate life	1,50,000 miles
Estimated annual mileage	6,000 miles

Or

(b) Calculate the room occupancy Rate

Particulars	Standard	Executive	Deluxe
Number of rooms	100	80	50
Weightage	2	1	3
Occupancy rate during vacation(100 days)	100%	60%	75%
Occupancy Rate during normal days(260 days)	75%	50%	30%

15. (a) From the details given below, find out profit as per Financial Accounts:

Particulars	Rs.
Profit as per cost accounts	1,50,300
Factory overheads under charge in cost accounts	8,000
Administrative overheads under charged in financial accounts	3,000
Depreciation over charged in cost accounts	1,900
Interest on deposits	900
Share transfer fees credited in financial accounts	240
Provision for Income tax	97,000

Or

- (b) What do you mean by the term 'Cost Reduction'? Compare and contrast cost control and cost reduction.

PART C — (5 × 8 = 40 marks)

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

16. (a) How do you classify the cost?

Or

- (b) What are the advantages and limitations of cost accounting?

17. (a) A product passes through three process to completion. The following information is obtained from the accounts for the month ending 30th November 2018.

Element of cost	Process			
	Total	I	II	III
	Rs.	Rs.	Rs.	Rs.
Direct material	8,482	2,000	3,020	3,462
Direct Labour	12,000	3,000	4,000	5,000
Direct expenses	726	500	226	
Production overheads	6,000			

1,000 units @Rs 5 each were issued to process I . Output of each process was: Process I: 940 units ; Process II: 870 Units; Process III: 810 units. Normal loss in each process was estimate as under: Process I: 10%; Process II :5%; Process III: 10%

The loss in each process represented scrap which could be sold to a merchant as follows:

Process I : Rs 3 per unit; Process II: Rs 5 per unit ; process III: Rs 6 per unit.

There was no stock of materials or work-in-progress in any department at the beginning or at the end of the period. The output of each process passes directly to the next process and finally to the finished stock, production overheads are allocated to each process on the basis of 50% of the direct labour. You are required to prepare process accounts. Also show the abnormal loss account, abnormal gain account and Normal loss account

Or

- (b) A Ltd, makes a product which passes through two processes before complete an transferred to finished stock. The following data is related to the month of December

Particulars	Process I Rs.	Process II Rs.
Direct material	22,500	24,750
Direct Wages	11,200	11,250
Overheads	6,800	4,500

Output of process I is transferred to Process II at 25% of profit on the transfer price. Output process II is transferred to finished stock at 20% profit on the transfer price. The finished goods are sol for Rs 1,40,000.

Prepare the process cost accounts and finished stock account showing the profit element at each stage

18. (a) Mr. Ravi provides the following details relating to two vehicles A and B that he owns:

	A Rs.	B Rs.
Cost of vehicle	25,000	15,000
Road license (annual)	750	750
Insurance (annual)	850	500
Garage rent(annual)	1,600	550
Supervision and salaries(annual)	1,800	1,200
River wages per hour	4	4
Cost of petrol per liter	1.50	1.50
Repair and maintenance per kilometer	1.50	2.00
Tyre allocation per kilometer	1.00	0.80
Estimated life of the vehicle(Km)	1,00,000	75,000
Kilometers run(annual)	15,000	6,000
Kilometers run per liter	6	5

You are required to charge interest on the cost of vehicle at 10% per annum. The vehicle runs 20 Km per hour on an average. Calculate the cost per running Kilometer of Vehicle A and B

Or

- (b) A transport company operates its five buses in between two cities. From the following details given to you, calculate the cost per passenger kilometer.

Number of buses: 5

Days operate in the month: 25

Round trip made by each bus : 4 per day

Distance of route 20 Km long'(one side)

Capacity of each Bus: 50Passengers

Normal passengers travelling : 90% of capacity

The following are the monthly charges incurred for operating buses:

	Rs.
Salary of managers	2,000
Wages of 5 drivers	1,200 each
Wages of 5 conductors	1,100 each
wages of 4 cleaners	800 each
Diesel, oil etc	25,800
Replacement of tyres , tubes ect	5,000
Garage rent	4,000
Depreciation	5,000
Workshop charges for repairs	2,000

19. (a) From the following particulars , calculate cost per thermo of System produced:
- (i) cost- 1,400 quintals @Rs 15 per quintal
 - (ii) Water-1,50,000 litres @Rs 1.00 per 1,000 litres
 - (iii) Fright and handling cost of coal is 10% of the cost of coal
 - (iv) Charge of ash disposal - Rs 200
 - (v) Wages and salaries of 50 men @ Rs 150 per month
 - (vi) Repairs and maintenance Rs 1,000 per month
 - (vii) Supervision and administrative cost Rs 1,500 per month
 - (viii) Stores Rs 1,000 per month
 - (ix) Cost of steam production plant - Rs 62,000; Residual value - Rs 2,000 and estimated life –10 years
 - (x) Steam production- 40,000 therms; four - fifth of the steam production is used to generate electricity

Or

- (b) The holiday hotel Inn has 40 bed rooms with a maximum occupancy of 490 sleeper night per week. Average occupancy is 60% throughout the year. Meals provide to guests have been coasted and the average food cost per person per day is as follows:

	Rs.
Breakfast	3.60
Lunch	11.00
Dinner	13.40
Total	28.00

Direct wages and staff meals per week
are as under:

House keeping	1,952
Restaurant and kitchen	3,430
General	1,760

Direct expenses per annum are
Rs 45,760 for Housekeeping and Rs
52,000 for the restaurant

Indirect expenses per annum amounted
to Rs 3,41,120 which should be
apportioned on the basis of floor area:

Bed rooms : 3,600 sqm

Restaurant : 1,200 sqm

Service Area : 600 sqm

A Net profit of 10% each must be made on the
restaurant taking and accommodation
takings. You are required to calculate what
inclusive terms per person should be charged
per day. Show the split between meals and
accommodation charges.

20. (a) Journalize the following transaction assuming the cost and financial records are integrated

Rs.

Raw materials purchased	2,00,000
Direct materials issued to production	1,50,000
Wages paid (30% Direct)	1,20,000
Wages charged to production	95,000
Manufacturing expenses incurred	84,000
Manufacturing expenses charged to production	92,000
Selling and distribution cost	20,000
Finished product at cost	2,00,000
Sales	2,90,000
Closing stock	Nil
Receipts from Debtors	69,000
Payment to creditors	1,10,000

Or

- (b) A manufacturing company discloses a net loss of Rs 3,47,000 as per cost accounts for the year ended 31st March 2018, Where as Financial accounts disclosed a net loss of Rs 5,10,000 for the same period. On scrutiny of accounting records following facts were extracted

Particulars	Rs.
Factory overhead under absorbed	40,000
Administrative overhead over-absorbed	60,000
Depreciation charged in Financial accounts	3,25,000
Depreciation charged in cost accounts	2,75,000
Interest on Investments not included in cost accounts	96,000
Income tax provided	54,000
Interest on loan shows in financial accounts	2,45,000
Transfer fees credited in financial books	24,000
Stores adjustment credited in financial books	14,000
Dividends received	32,000

Prepare a Reconciliation Statement.
