

Reg. No. :

Code No. : 5518

Sub. Code : PKCM 41

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

Fourth Semester

Commerce

ADVANCED COST ACCOUNTING

(For those who joined in July 2017-2020)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which one of the following is not a factor to be considered in designing a cost system?
 - (a) Reporting factor
 - (b) Price factor
 - (c) Economy factor
 - (d) Organizational factor

2. The total cost of product is Rs 64,000 and if 20% of the sales price is the profit to be added, what is the profit?
- (a) Rs. 80,000
 - (b) Rs. 76,800
 - (c) Rs. 72,000
 - (d) Rs. 68,000
3. Labour turnover is measured by
- (a) No of workers joining / No of workers in the beginning of the period
 - (b) No of workers left / No of workers in the beginning plus at the end
 - (c) No of workers replaced / Average number of workers
 - (d) All of the above
4. When the amount of overhead absorbed is less than the amount of overhead incurred is known as
- (a) Under absorption of over head
 - (b) Over absorption of over head
 - (c) Proper absorption of overhead
 - (d) Repeated distribution Method

5. The types of process loss that should not affect the cost of inventories is
- (a) Standard loss
 - (b) Seasonal loss
 - (c) Normal loss
 - (d) Abnormal loss
6. Which one of the following method of costing is best suited for interior decoration?
- (a) Operating costing
 - (b) Process costing
 - (c) Contract costing
 - (d) Job costing
7. Work-in- progress in contract account consist of
- (a) Work certified and profit carried forward
 - (b) Work un- certified
 - (c) Work certified and work un- certified
 - (d) Work certified, work un- certified and profit carried forward

8. Classification and accumulation of costs by fixed and variable cost is of special importance in
- (a) Out put costing
 - (b) Process costing
 - (c) Operating costing
 - (d) Batch costing
9. When costing profit Rs. 13,000 and a charge in lieu of rent is Rs. 2000, the financial profit should be
- (a) Rs. 13,500 (b) Rs. 11,500
 - (c) Rs. 15,500 (d) None of these
10. Which of the following items is included in the cost accounts?
- (a) Notional rent
 - (b) Rent receivable
 - (c) Transfer to general reserve
 - (d) None of the above

PART B — (5 × 5 = 25 marks)

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

11. (a) Distinguish between cost accounting and financial accounting.

Or

- (b) Prepare the cost sheet and find out the cost of production and costing profit from the following information for the month of June 2017.

Direct material consumed	Rs. 40,000
Direct wages	Rs. 14,000
Direct Expenses	Rs. 4,000
Factory overhead	Rs. 5,000
Administration overhead	Rs. 7,000
Selling and distribution overhead	Rs. 9,000

The profit for the company is estimated as 20% on cost of sales.

12. (a) What is Last-in-First-out method? What are its advantages and disadvantages?

Or

- (b) You are required to compute the number of
(i) workers left discharged (ii) Workers recruited.

Labour turnover rate for the year 2017

Replacement method = 7%

Separation method = 5%

Flux method = 15%

Number of employees replaced during the year = 35

13. (a) The finished goods of the factory pass through three processes A, B and C. The production of each process being passed on to the next process. From the following figures, show the cost of each process.

	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Wages and Materials	19,200	36,000	87,750
Work on cost	16,800	15,750	18,000
General on cost	9,000	10,000	12,000
	Units	Units	Units
Production for July 2017	36,000	37,500	48,000
Stock on 1 st July 2017	-	4,000	16,500
Stock on 31 st July 2017	-	1,000	5,500

Or

- (b) Explain the various techniques of non cost method of accounting By-products.

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14. (a) The following information are related to a contract of X Ltd for the year ending 31st March

Direct wages Rs. 2,20,000

Direct expenses Rs. 1,70,000

Indirect expenses Rs. 50,000

The contract price was Rs. 12,00,000. The cash received on 31st March 2017 amounted to Rs. 6,00,000 being 75% of work certified. The work uncertified was valued at Rs. 40,000. Prepare contract account and find out the profit to be credited to profit and loss account.

Or

- (b) From the following data calculate the cost per mile of a vehicle:

Value of the vehicle Rs. 1,00,000

Road tax per annum Rs. 500

Insurance charges per year Rs. 400

Garage rent per year Rs. 1,200

Driver's wage per month Rs. 600

Cost of petrol per liter Rs. 6.40

Tyre and maintenance per mile Rs. 0.80

Miles per liter 8 miles

Estimate life 1,50,000 miles

Estimate annual mileage 6,000 miles

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15. (a) From the following particulars, prepare a reconciliation statement:

Particulars	Rs.
Net profit as per financial book	1,28,700
Work over heads under recovered in cost books	3,200
Administrative over heads in cost books	1,700
Depreciation under recovered in cost books	1,300
Interest on investments recorded in financial books	6,000
Goodwill written off Goodwill	5,000
Income Tax provide in financial books	40,000
Bad debts debited in financial books	1,200

Or

- (b) Explain the scope of cost audit. What are its techniques?

PART C — (5 × 8 = 40 marks)

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

16. (a) A manufacturing company submits the following details about the various expenses incurred by it during the year ended 31st December 2017:

Cost of raw materials consumed	Rs 25,000
Advertising	Rs 1,000
Depreciation on plant and machinery	Rs. 1,500
Factory office salaries	Rs. 6,000

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Legal expenses	Rs. 300
Supervisors salary	Rs. 500
Factory rate and insurance	Rs. 1,000
Carriage outwards	Rs. 1,500
Direct labour	Rs. 20,000
Bad debts	Rs. 300
Office stationary	Rs. 200
Rent of factory	Rs. 2,500
Office salary	Rs. 10,000
Commission on sales	Rs. 4,000
Audit fees	Rs. 300
Income tax	Rs. 1,500
Donation to charitable institutions	Rs. 500
Purchase of new plant	Rs. 10,000

Classify the above expenses under the various heads of cost, showing separately the total expenditure under each head. Also show separately those expenses which shall not be included in calculating the cost.

Or

- (b) What do you mean by installation of costing system? Explain the practical difficulties involve in installing such a system in a manufacturing concern.

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17. (a) The following information are related to material purchase and issue of manufacturing company for the month of April 2015

April 1 Balance 600 units @ Rs. 50 per unit
 April 4 Purchased 300 units @ Rs. 45 per unit
 April 5 Issued 400 units
 April 7 Purchased 500 units @ Rs. 60 per unit
 April 12 Issued 200 units
 April 15 Issued 200 units
 April 19 Purchased 400 units @ Rs. 65 per unit
 April 25 Issued 200 units
 April 26 Returned to stores 50 units (Issued on 12th April)
 April 28 Issued 200 units
 April 29 Purchased 300 units @ Rs. 55 per unit
 April 30 Issued 450 units

Prepare stores ledger account on the basis of Last-in - First-out Method.

Or

- (b) A manufacturing concern has three production department and two service departments. In July 2017, the departmental expenses were as follows:

Production department	Rs.
A	16,000
B	13,000
C	14,000
Service Departments	
X	4,000
Y	6,000

The service department expenses are charged out on a percentage basis, viz ;

	A	B	C	X	Y
Expenses of department F	20%	25%	35%	-	20%
Expenses of department F	25%	25%	40%	10%	-

Prepare a statement of secondary distribution under repeated distribution method.

19. (a) M/S Raju and Mohan contractor's Ltd. Were engaged on one contract during the year. The contract price was Rs 4, 00,000. The trial balance extracted from their books as on 31st December stood as follows:

	Rs.	Rs.
Share capital		80,000
Sundry creditor's		8,000
Land and building	34,000	
Bank	9,000	
Contact account :		
Materials	75,000	
Plant	20,000	
Wages	1,05,000	
Expenses	5,000	
Cash received being 80% of work certified		1,60,000
	<u>2,48,000</u>	<u>2,48,000</u>

Of the plant and materials charged to the contract, plant costing Rs. 3,000 and materials costing of Rs. 2,400 was destroyed by an accident.

On 31st December, Plant with cost Rs. 4,000 was returned to the store; the value of materials on site was Rs. 3,000 and the cost of work done but not certified was Rs. 2,000.

Charge 10% depreciation on plant. Prepare contract account and Balance sheet as on 31st December.

Or

- (b) The information relating to two different vehicles namely X and Y operated by a transport company are stated as follows.

		X	Y
Cost of the vehicle	Rs.	2,00,000	2,20,000
Estimated life of the vehicle	KMS	3,00,000	2,80,000
Road licenses	Rs.	4,200	4,200
Insurance for one year	Rs.	4,000	4,500
Garage rent for one year	Rs.	6,000	5,000
Driver's wage per hour	Rs.	20	20
Cleaner's wage per hour	Rs.	15	15

Repair and maintenance per kilometers	Rs.	0.80	0.70
Tyre change per kilometer	Rs.	0.40	0.40
Kilometer Run for one year	KMS	30,000	25,000
Cost of diesel per liter	Rs.	30	30
Kilometer run per liter	KMS	12	15
Average Kilometer per hour	KMS	30	40
Depreciation charges per annum on the cost of the vehicle		10%	10%

Calculate the cost per running kilometer.

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

Raw materials purchased	Rs 2, 00,000
Direct materials issued to production	Rs. 1,50,000
Wages paid (30% Direct)	Rs. 1,20,000
Wages charged to production	Rs. 95,000
Manufacturing expenses incurred	Rs. 84,000

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Manufacturing expenses charged to production	Rs. 92,000
Selling and distribution cost	Rs. 20,000
Finished product at cost	Rs. 2,00,000
Sales	Rs. 2,90,000
Closing stock	Nil
Receipts from Debtors	Rs. 69,000
Payment to creditors	Rs. 1,10,000

Or

- (b) From the following particulars for the year 2017, Prepare (i) a statement showing profit as per cost accounts (ii) P & L as per financial accounts and (iii) a statement of reconciliation reconciling profit as per cost accounts and financial accounts.

Purchase of raw- materials	Rs 86,400
Wages	Rs. 36,000
Opening stock:	
Raw Materials	Rs. 14,400
Finished goods	Rs. 28,800
Stock at the end:	
Raw Materials :	Rs.21,600
Finished goods	Rs. 7,200

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Calculate factory over heads at 20% on prime cost and over heads at 80% of factory over heads. Actual work expenses amounted to Rs. 22,700 and actual office expenses amounted to Rs. 18,580. The selling price was fixed at 20% above the cost price. In cost statement, show what percentage does each individual item of cost bear to the total cost
