STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011-2012 and thereafter)

SUBJECT CODE: 11CM/MC/AC34

B.Com. DEGREE EXAMINATION NOVEMBER 2014
COMMERCE
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : ADVANCED COST ACCOUNTING
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION A

ANSWER ALL QUESTIONS. **(10 x 3 = 30 marks)**

1. What is meant by contract costing? State any two features of contract costing.
2. What is the classification of cost under Transport Costing?
3. Define standard costing. Write any 2 advantages of standard costing.
4. Product A requires 10 kg of materials at the rate of Rs.4/kg. The actual consumption of material for the manufacturing of product A came to 12 kg of material at the rate of Rs 4.50/kg.
   Calculate: i) Material cost variance, ii) Material usage variance iii) Material price variance.

5. From the information given below prepare contract account.

Particulars	**Amt (Rs)**
Material bought from market	1,500
Materials issued from stores	500
Materials returned to stores	240
Wages	2440
Direct expenses	294
Work on cost 25% of direct wages	-
Office on cost 10% of prime cost	-
Contract price	6000

6. Calculate the total “room – days “ from the following data :
   1. no. of room: 50 double and 120 single
   2. weightage based on value : double room 2 and single room 1
   3. room occupied: busy season : double room 90% and single room 95%
      slack season : double room 60% and single room50%
   4. slack season : 250 days and busy season 130 days

7. Write about abnormal loss and abnormal gain.

8. The cost records show the following cost of producing 600 units of a product in process X:

Particulars	Amt .Rs
Materials	12,000
Labour	4,500
overheads	1,500

The normal wastage is 10% of the units and this wastage can be sold in the market at Rs 15 per unit. The actual production was 570 units. Prepare process `X` account.

9. The ratio of variable cost to sales is 70%. The break-even point occurs at 60% of the capacity sales. Find the capacity sales when fixed costs are Rs.90, 000. Also compute profit at 75% of the capacity sales.

10. What is marginal costing and state its application?

SECTION B

ANSWER ANY FIVE QUESTIONS. **(5 x 8 = 40 marks)**

11. Contractors Ltd. undertook a special contract for a total value of Rs.12 lakhs. You are required to prepare a contract account for the year ending 31.03.2004 from the following:

Particulars	Amt (Rs)
wages	3,00,000
Materials sent to site	1,50,000
Materials lying at site on 31.03.2004	20,000
Special plant	1,00,000
Overheads	60,000
Work certified	8,00,000

Depreciation at 10% to be provided on plant. Cash received is 80% of work certified. 5% of the value of the materials used and 6% of wages may be taken to have been incurred for the proportion of work completed but not yet certified. Overheads are charged as a percentage of direct wages.

12. Laxmi travels a transport company is running a fleet of 6 buses between two towns 75 kms. apart. The seating capacity of each bus is 40 passengers. The following particulars are available for the month of April 2007.

Particulars	Amt (Rs)
Wages of drivers, conductors, etc	3,600
Salaries of office and supervisory staff	1,500
Diesel, oil, etc	10,320
Repairs and maintenance	1,200
Taxes and insurance	2,400
Depreciation	3,900
Interest and other charges	3,000

The actual passengers carried were 80% of the capacity. All the buses run all the days in the month. Each bus made one round trip per day. Find out the cost per passenger kilometer.

13. Find out different labour variances from the following particulars:

STANDARD	ACTUAL
Output =1,000 units	Output = 1,200 units
Rate of payment= Rs 6 per unit	Wages paid with bonus = Rs 8,000
Time taken = 50 hours	Time taken = 40 hours

14. A factory produces three products X, Y and Z of equal value from the same manufacturing process. The joint cost before split-off point is Rs 25,200. Further processing costs are as follows:

Particulars	Product X (Rs)	Product Y (Rs)	Product Z(Rs)
Materials	1,400	1,300	580
Labour	420	400	380
Overheads	180	100	240
Total sales value	20,000	14,000	12,000
Estimated profit on sales	20%	30%	40%

Show the apportionment of joint cost on the basis of net realizable value.

15. The following costs and sales of a manufacturing co. for the first half and second half of 1998-1999 are given:

Particulars	First Half (Rs)	Second Half (Rs)
Sales	24,00,000	30,00,000
Total cost	21,80,000	26,00,000

Determine :

1.contribution/sales ratio of the firm , 2. annual fixed cost, 3. break- even point & 4. margin of safety as percentage of sales

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16. Prakash automobiles distribute its goods to a regional dealer using a single lorry. The dealers premises are 40 km away by road. The lorry has a capacity of 10 tonnes and makes the journey twice a day fully loaded on the outward journeys and empty on return journey. The following information is available for a four weekly period during the year 1990.

PARTICULARS	**AMOUNT**
Petrol consumption	8 kilometers
Petrol cost	Rs.13 per litre
Oil	Rs.100 per week
Drivers wages	Rs. 400 per week
Repairs	Rs. 100 per week
Garage rent	Rs 150 per week
Cost of lorry (excluding tyres)	Rs 4,50,000
Life of lorry	80,000 kilometers
Insurance	Rs. 6,500 p.a
Cost of tyres	Rs.6,250
Life of tyres	25,000 kilometers
Estimated sale value of lorry at the end of its life	Rs 50,000
Vehicles license cost	Rs 1,300 p.a
Other overhead cost	Rs 41,600 p.a

The lorry operates on a 5 day week.

1. Prepare a statement to show the total cost of operating the vehicles for the four weekly period into running costs and fixed cost.
2. Calculate the vehicle cost per tone- kilometer.

17. An expenditure of Rs 1, 94,000 has been incurred on a contract at the end of 31st march 1997. The value of work certified is Rs 2, 20,000. The cost of work done but not yet certified is Rs 6,000. It is estimated that the contract will be completed by 30th June 1997 and an additional expenditure of Rs 40,000 will have to be incurred to complete the contract.

    The total estimated expenditure on the contract is to include a provision of 2.5% for contingencies. The contract price is Rs.2, 80,000 and Rs.2, 00,000 has been realized in cash up to 31st March 1997. Calculate the proportion of profit to be taken to the profit and loss a/c as on 31.03.1997, after preparing the contract account in the contract ledger.

SECTION C

ANSWER ANY TWO QUESTIONS. (2 x 15 = 30 marks)

18. The following details are given in respect of a manufacturing unit for the month of april 1999.

(i)	Opening work-in-progress	5000 units
	Materials (100% complete)	Rs.18, 750
	Labour(60% complete)	Rs. 7,500
	Overheads (60% complete)	Rs. 3, 750
(ii)	Units introduced into the process	17,500 Units
(iii)	17,500 units are transferred to the next process.	
(iv)	Process costs for the period are	
	Materials	Rs. 2, 50,000
	Labour	Rs. 1, 95,000
	Overheads	Rs. 97,500
(v)	Closing work-in-progress	5,000 units
	Materials	100% Complete
	Labour	50% Complete
	Overhead	50% Complete

Prepare statement of equivalent production, statement of cost, statement of evaluation and process account by following average cost method.

19. The following data relate to a manufacturing co.:

Plant capacity: 4, 00,000 units per annum. Present utilization: 40%

Actuals for the year 1992 were:

Particulars	**Amt**
Selling price	Rs.50 per unit
Material cost	Rs.20 per unit
Variable manufacturing costs	Rs. 15 per unit
Fixed costs	Rs. 27,00,000

In order to improve capacity utilization, the following proposals are considered:

1. Reduce selling price by 10%,
2. Spend additionally Rs 3, 00,000 on sales promotion

How many units should be sold to earn a profit of Rs 5, 00,000 per year?

20. S.V Ltd., manufactures a product, the standard mix of which is:

Material A	=	60% at Rs. 20 per kg
Material B	=	40% at Rs. 10 per kg

Normal loss in production is 20% of output. Due to shortage of material A, the standard mix was changed. Actual results for March 1989 were:

Material A	=	105 kg at Rs. 20 per kg
Material B	=	95 kg at Rs. 9 per kg
Input		200 kg
Less: Loss		035 kg
		165 kg

Calculate: (i) Material price variance (ii) Material usage variance (iii) Material mix variance and (iv) Material yield variance.

21. The following trial balance was extracted on 31st December 2001 from the books of Swastik company Ltd contractors:

PARTICULARS	**AMOUNT (Rs)**	**AMOUNT (Rs)**
Share capital: shares of Rs. 10 each		3,51,800
Profit and loss a/c on 1st January 2001		25,000
Provision for depreciation for machinery		63,000
Cash received on account: contract 7		12,80,000
Creditors		81,200
Land and buildings (cost)	74,000	
Machinery (cost)	52,000	
Bank	45,000	
Contract 7:		
Material	6,00,000	
Direct labour	8,30,000	
Expenses	40,000	
Machinery at site (cost)	1,60,000	
Total	18,01,000	18,01,000

Contract 7 was started on 1st Jan 2001. The contract price is Rs.24, 00,000 and the customer has so far paid Rs. 12, 80,000, being 80% of work certified. The cost of work done since certification is estimated as Rs.16, 000.

On 31st December 2001 after the above trial balance was extracted, machinery costing Rs. 32,000 was returned to stores, and materials at site were valued at Rs.27, 000. Provision is to be made for direct labour due Rs.6, 000 and for depreciation of all machinery at 12.5% on cost. Prepare (a) contract a/c, (b) the balance sheet of Swastik Co. Ltd. as on 31st December.

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