STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16)
SUBJECT CODE: 15CM/MC/AM45

B.Com. (A & F) DEGREE EXAMINATION APRIL 2017
ACCOUNTING AND FINANCE
FOURTH SEMESTER

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

Section A

Answer ALL the questions. **(10 x 2 = 20)**

1. Write a short note on Cost Centre.
2. What is an idle capacity?
3. A transport service company is running four buses between two towns which are 50 kms, apart Seating capacity of each bus is 40 passengers. Actual passengers carried were 75 per cent of the seating capacity. All the four buses ran on all the days of the month April, 2010. Each bus made one round trip per day. Calculate total passenger kms for the month.
4. Fixed overhead Rs. 2,40,000
   Variable cost per unit Rs. 15
   Selling price per unit Rs. 30
   Find out Break even sales units.
5. The following information is extracted from the Job Ledger in respect of Job No.303:
   Materials Rs. 3,400
   Wages 80 hours at Rs. 2.50 per hour.
   Variable overheads incurred for all jobs Rs. 5,000 for 4,000 labour hours.
   Find the profit if the job is billed for Rs. 4,200.
6. In process B, 75 units of a commodity were transferred from process A at a cost of Rs. 1,310. The additional expenses incurred by the process were Rs. 190. 20% of the units entered are normally spoiled. Prepare Process B account.
7. Calculate the Number of Units produced
   Estimated Sales - 40,000 units
   Desired closing ctock of finished good - 5,000 units
   Opening stock of finished good - 8,000 units.
8. What do you mean by Operating Costing?
9. What do you mean by Process Costing?
10. What is material yield variance?

Section B

Answer Any FIVE questions. **(5 x 8 = 40)**

11. The following was the expenditure on a contract for Rs. 6,00,000 commenced in January, 2011.
    Materials Rs. 1,20,000; Wages Rs. 1,64,000; Plant Rs. 20,000; Business Charges Rs. 8,600.
    Cash received on account to 31st December, 2011 amounted to Rs. 2,40,000 being 80 per cent of work certified; the value of materials in hand on 31-12-2011 was Rs. 10,000. Prepare the Contract Account for 2011 showing the profit to be credited to the year's Profit and Loss Account. Plant is to be depreciated at 10%.

12. A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 2010.the following were the budgeted expenses and revenue.

Material	` 15 per unit
Wages	` 10 per unit
Work expenses - (fixed)	` 40,000
Variable	` 4 per unit
General expenses	` 60,000

Profit is 20% on sale price
Prepare the budget for 2010 showing the costs and profit

13. A factory is engaged in the production of a chemical X and in the course of its manufacture a by-product Y, is produced, which after a separate process has a commercial value. For the month of January 2007, the following are the summarized cost data:

	Joint Expenses	Separate Expenses	
	Rs.	X Rs.	Y Rs.
Materials	19,200	7,360	780
Labour	11,700	7,680	2,642
Overheads	3,450	1,500	544

The output for the month was 142 tonnes of X and 49 tonnes of Y and the selling price of Y averaged Rs. 280 per tonne.
Assuming that the profit of Y is estimated at 50% of the selling price, prepare an account showing the cost of X per tonne.

14. A gang of workers usually consists of 10 men, 5 women and 5 boys in a factory. They are paid at standard hourly rates of ` 1.25, ` 0.80 and ` 0.70 respectively. In a normal working week of 40 hours, 1000 units of output.
In a certain week, the gang consisted of 13 men, 4 women and 3 boys. Actual wages were paid at the rate of ` 1.20, ` 0.85 and ` 0.65 respectively. Two hours were lost due to abnormal idle time and 960 units of output were produced. Calculate all possible labour variances.

15. The cost of an article at a capacity level of 10,000 units is given under. For a variation in capacity above or below this level, the individual expenses vary as indicated in B below:

	A `	
Material Cost	50,000	100% varying
Labour Cost	30,000	100% varying
Power	3,000	80% varying
Repairs and maintenance	3,500	80% varying
Stores	2,000	100% varying
Inspection	800	25% varying
Depreciation	10,000	100% varying
Administrative overhead	3,600	25 % varying
Selling overhead	4,500	50% varying
Total	1,07,400	
Cost per unit	10.74	

Find out the unit cost of the product under each individual expenses at production level of 8000 units and 12000 units

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16. Number of buses 10
Days operated in a month 25
Round trip made by each bus 4
Distance of route 20km long
Capacity of bus 60 persons
Normal passengers travelling 90% of capacity
calculate: (a) Total Kms covered in a month (b) Total passenger Kms.

17. Nancy Ltd. is manufacturing three products, A, B and C. All the products use the same raw material which is available to the Extent of 61000 kg only. The following information is available from the books and records of the company.

Particulars	**Product A**	**Product B**	**Product C**
Selling price per unit	100	140	90
Variable cost per unit	75	110	65
Raw material requirement per unit [kg]	5	8	6
Market demand - units	500	30	

Advise the company about the most profitable product mix and also compute the amount of profit resulting from such product mix if the fixed costs are `1,50,000.

Section C

Answer Any TWO questions. **(2 x 20 = 40)**

18. The product of a company passes through two processes to completion known as A and B . From past experience it is ascertained that loss is incurred in each process as:
Process A - 2% , Process B - 5%
In each case the percentage of loss is computed on the number of units entering the process concerned.
The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs. 5 per 100 units.
The output of each process passes immediately to the next process and the finished units are passed into stock

	Process A	**Process B**
	`	`
Materials consumed	6000	4000
Direct labor	8000	6000
Manufacturing expenses	1000	1000

20,000 units have been issued to Process A at cost of ` 10,000. The output of each process has been as under :
Process A 19,500; Process B 18,800
Prepare Process Accounts.

19. Union Transport Co. Ltd. supplies the following details in respect of a truck of 5 ton capacity

cost of truck ` 90,000

Estimated life	10 years
Diesel, Oil, Grease	` 15 per trip each month
repairs & maintenance	` 500 per month
drivers wage	` 500 per month

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cleaners wage	` 250 per month
insurance	` 4800 per year
tax	` 2400 per month
supervision	` 4800 per month

The truck carries goods to and from city, covering a distance of 50 miles each way. while going to city full capacity weight is carried, but on return journey only 20% of capacity.
Assuming that the truck runs on an average 25 days a month, work out.
(1) Operating cost per ton-mile and
(2) Rate per ton per trip that the Co., should charge if profit of 50% on freightage is to be earned.

20. From the following information calculate MCV,MMV,MUV,MPV,MYV

Material	**Standard**		**Actual**	
	Quantity unit	Price `	Quantity unit	Price `
A	500	6	400	6
B	400	3.75	500	3.60
C	300	3	400	2.80
	1200		**1300**	
Normal loss10%	120	Actual loss	220	
	1080		1080	

21. A firm expects to have ` 25,000 in a bank on 1^{st} May 2014 and requires you to prepare an estimate of cash position during the 3 months. May-July 2014. The following information is made available:

Month	Sales `	Purchases `	Wages `	Factory expenses `	Office expenses `	Selling expenses `
March	50,000	30,000	6,000	5,000	4,000	3,000
April	56,000	32,000	6,500	5,500	4,000	3,000
May	60,000	35,000	7,000	6,000	4,000	3,500
June	80,000	40,000	9,000	7,500	4,000	4,500
July	90,000	40,000	9,500	8,000	4,000	4,500

Other information:
a) 20% of the sales are for cash, remaining amount is collected in the month following that of sales.
b) Suppliers supply goods at 2 months credit.
c) All expenses are paid in the month following the one in which they are incurred.

d) The company pays dividend to share holder and bonus to workers of `10,000 and `15,000 respectively in the month of May.

e) Plant has been ordered and is expected to be received in June, which will cost ` 80,000

Income tax of ` 25,000 is payable in July, wages are paid in the same month.

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