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

B.Com. (A & F) DEGREE EXAMINATION APRIL 2018
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. A product passes through two processes. The following details relate to process 'A'. you are required to ascertain the process cost to be transferred to process 'B'.

	Rs.
Direct materials (100 units)	12,000
Direct wages	8,000
Direct expenses	5,000
Overheads	11,000

Input 1000 units; output 1000 units as there was no loss of units.

2. The following data is available in respect of Job No. 876:
Direct Materials ; Rs. 17,000; Wages 160 hours at Rs. 50 per hour. Variable overheads incurred for all jobs Rs. 80,000 for 2000 Labour hours. Fixed overheads are absorbed at Rs. 20 per hour:
Find the profit or loss from the job if the job is billed for Rs. 40,000.
3. Variable overheads for production of 10,000 units are Rs. 60,000. What will be the variable overheads for production of (a) 15,000 units; (b) 20,000 units?
4. Ascertain contribution :

	Rs.
Prime cost	40,000
Variable overheads	20,000
Fixed overheads	30,000
Sales	90,000

5. Prepare Material Procurement Budget for the month of January:

	Materials (in units)	
	A	*B*
Estimated stock on 1st January	1,600	600
Estimated stock on 31st January	2,000	800
Estimated consumption in the month	12,000	4,400

6. What is a Budget?
7. What do you understand by 'Contribution'?
8. What is Standard Cost?
9. What is Process Costing?
10. What is Operating Costing?

Section B

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

11. From the following information, calculate
    (a) Break-even point
    (b) Number of units that must be sold to earn a profit of Rs. 60,000, per year.
    (c) Number of units that must be sold to earn a net income of 10% on sales.

Sales price	--	Rs. 20 per unit
Variable cost	--	Rs. 14 per unit
Fixed cost	--	Rs. 79,200.

12. Srikar & Co., produces a product through two processes 'J' and 'K'. Prepare the process accounts from the following details relating to March 2007.

	Process J Rs.	Process K Rs.
Material	45,000	15,000
Labour	60,000	25,000
Chargeable expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

13. From the following data relating to two vehicles X and Y compute the cost per running km.

	X Rs.	Y Rs.
Cost of vehicle	25,000	15,000
Road licence (annual)	750	750
Insurance (annual)	700	400
Garage rent (annual)	600	500
Superision and salaries (annual)	1,200	1,200
Driver wages per hour	3	3
Cost of petrol per litre	3	3
Repairs and maintenance per km	1.65	2.00
Tyre allocation per km	0.80	0.60
Estimated life of vehicle (kms)	1,00,000	75,000
Kilometres run (annual)	15,000	6,000
Kilometres run per litre	20	15

You are required to charge interest on the cost of vehicles at 5% per annum. The vehicles Run 20 km per hour on an average.

14. The following data is gathered from the records of Samuel & Co., for the month of January 1997:

Standards for labour:

Rate	:	Rs. 50 per labour hour
Hours set per unit	:	10 hours

Actual data for the month:

Units produced	:	1,000
Hours worked	:	12,000
Actual labour cost	:	Rs. 7,20,000

You are required to calculate labour variances.

15. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity):	1,000 units

16. From the following data calculate:
(a) P/V Ratio; (b) Variable cost and (c) Profit

	Rs.
Sales	80,000
Fixed expenses	15,000
Break even point	50,000

17. Modern Printers undertook two jobs during the 1st week of June 2007. The following details are available.

	Job 110 Rs.	Job 120 Rs.
Materials supplied	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Material Transfer from Job 120 to 110	200	200
Material returned to stores	--	100

Find the cost of each job and profit or loss if any, assuming that job 120 is completed and invoiced to the customer at Rs. 3,000.

18. Seema & Co., undertook a contract for construction of a private house. Contract price was Rs. 40,00,000. The following were the details:

			Rs.
Materials sent to contract site			16,00,000
Labour :	Skilled	6,00,000	
	Unskilled	4,00,000	
			10,00,000
Subcontracts for Plumbing and Electricity			4,00,000
Sundry expenses			2,00,000
Closing stock of materials at site			1,00,000

Prepare contract account and determine the profit or loss.

Section C

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

19. A product passes through two processes and then to finished stock. The normal wastage of each process is as follows:

Process A 30% and process B 5%.

The wastage of process A was sold @ Rs.5 per unit and that of process B at Rs. 10 per unit. 20,000 units were introduced into process A at the beginning of January 2007 at a cost at Rs. 40 per unit.

Other expenses were as under:

	Process A Rs.	Process B Rs.
Sundry materials	40,000	60,000
Wages	2,00,000	3,20,000
Manufacturing expenses	30,000	28,500

The output of process A was 19,000 units and that of process B 18,200 units. Prepare the Process Account, Normal Loss Account, Abnormal Loss Account and Abnormal Gain Account.

20. A newly started Pushpak Co., wishes to prepare cash budget from January. Prepare a cash budget for the 6 months from the following estimated revenue and expenses.

Months	Total sales Rs.	Materials Rs.	Wages Rs.	Production overhead Rs.	Selling & Distribution overhead Rs.
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	24,000	14,000	4,600	3,300	800
April	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
June	30,000	16,000	4,800	3,600	1,000

Cash balance on 1st January was Rs. 10,000. A new machine is to be installed at Rs. 30,000 on credit, to be repaid by two equal installments in March and April.

Sales commission at 5% on total sales is to be paid within the month following actual sales.

Rs. 10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs. 2,000 is also obtained with 2nd call.

Period of credit allowed by suppliers	– 2 months
Period of credit allowed to customers	– 1 month
Delay in payment of overheads	– 1 month
Delay in payment of wages	– ½ month

Assume cash sales to be 50% of the total sales.

21. The sales turnover and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
2006	1,40,000	15,000
2007	1,60,000	20,000

Calculate:

(a) P/V Ratio
(b) Break-even point
(c) Sales required to earn a profit of Rs. 40,000
(d) Fixed expenses and
(e) Profit when sales are Rs. 1,20,000.

22. From the following information of product No. 888, calculate

(i) Material cost variance
(ii) Material price variance
(iii) Material usage variance
(iv) Material mix variance
(v) Material sub usage variance

Material	Standard Qty.(kgs)	Standard price Rs.	Actual Qty.(kgs) Rs.	Actual price Rs.
X	20	5	24	4.00
Y	16	4	14	4.50
Z	12	3	10	3.25
	48		48	

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