

**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 2019**  
**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. What is Abnormal gain?
2. What is escalation clause?
3. Enlist any two significance of flexible budget.
4. Mention any two features of Marginal costing.
5. State any two limitations of standard costing.
6. 10,000 units are introduced into a process at Rs. 10 per unit. All other expenses are Rs.8 per unit. Normal loss in the process is 10%. Scrap value is Nil. If output is 9,000 units, ascertain the cost per unit in the process.
7. Find out the marginal cost from the following information:  
Direct Material : Rs. 10,000, Direct Wages: Rs. 12,000, Direct expenses: Rs.13,000,  
Variable overheads: Rs.8,000 and Fixed Overheads: Rs.15,000.
8. A Cinema Theatre in Chennai has seating capacity of 2000. It runs daily 4 shows on all 30 days of a month. On average 80% of the seats are occupied throughout the month. Ascertain the number of man- shows during the month.
9. Compute the quantity of raw material to be purchased from the following information:  
Opening stock of Raw material : 10,000 kgs, Material expected to be consumed :  
20,000 kgs and Closing stock of Material required : 5,000 kgs.
10. Standard rate per Labour hour in a factory was Rs.20. However during a month payment was made for 26,000 Labour hours at Rs.22 each. Calculate Labour rate variance.

**Section B**

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

11. From the following data provided by Kanna Ltd, for the month of August 2004. Calculate (a) Total overhead cost variance (b) Fixed overhead cost variance and (c) Variable overhead variance.

Particulars	Budget	Actual
Output in units	30,000	32,500
Fixed overheads (Rs.)	45,000	50,000
Variable overheads(Rs.)	60,000	68,000

12. Assume that the cost structure and selling price remain the same in periods I and II, find out:
  - (a) Profit Volume ratio
  - (b) Fixed cost
  - (c) Break even point for sales
  - (d) Profit when sales are Rs. 1,00,000
  - (e) Sales required to earn a profit of Rs. 20,000

- (f) Margin of safety at a profit of Rs. 15,000 and  
 (g) Variable cost in period II.

Period	Sales (Rs.)	Profit (Rs.)
I	1,20,000	9,000
II	1,40,000	13,000

13. Prepare a production budget showing the production for each month and summarized production cost budget for the six months period ending 31<sup>st</sup> December 2010 from the following data of Product Q

(a) The units to be sold for different months are as follows:

Months	Units	Months	Units
July 2010	1,100	August 2010	1,100
September 2010	1,700	October 2010	1,900
November 2010	2,500	December 2010	2,300
January 2010	2,000		

(b) There will be no work- in- progress at the end of any month.

(c) Finished units equal to half the sales for the next month will be in stock at the end of each month (including June 2010).

(d) Budgeted production and production cost for the year ending 31<sup>st</sup> December 2010 are

Production (units)	22,000
Direct materials (per unit)	Rs.4
Direct wages (per unit)	Rs.10

Total factory overhead apportioned to produce Rs.88,000.

14. The following are the details of costing records of Samurai Industries Ltd. in respect of Job

No. 78:

Material consumed Rs.6,000

Wages :

Cutting department 20 hours at Rs. 40 per hour

Shearing department 10 hours at Rs. 40 per hour

Boring department 5 hours at Rs.60 per hour

Variable overheads for the respective departments are estimated as follows:

Cutting department Rs.40,000 for 2,000 direct labour hours.

Shearing department Rs.20,000 for 2,500 Direct labour hours.

Boring department Rs.10,000 for 400 Direct labour hours.

Fixed overheads are estimated at Rs.1,00,000 for 20,000 normal working hours.

You are required to ascertain the cost of Job No. 78 and calculate the price to be charged so as to give a profit of 20% on cost.

15. A factory producing article Y also produces a by- product Z which is further processed into finished product. The joint cost of manufacture is given below:

Particulars	Rs.
Material	5,000
Labour	3,000
Overheads	2,000
Total	10,000

Subsequent costs are given below:

Particulars	Y (Rs.)	Z (Rs.)
Materials	3,000	1,500
Labour	1,400	1,000
Overheads	600	500
Total	5,000	3,000

Selling price are Y- Rs.16,000, Z- Rs.8,000

Estimated profits on selling prices are 25% for P and 20% for Z. Assume that selling and distribution expenses are in proportion of sales prices.

Show how you would apportion joint costs of manufacture and prepare a statement showing cost of production of Y and Z.

16. Contractors Ltd. undertook a special contract for a total value of Rs. 12 lakhs. It was expected that the contract would be completed by 31<sup>st</sup> March 2011. You are required to prepare contract account for the year ending 31<sup>st</sup> January 2011 from the following:

Particulars	Rs.
Wages	3,00,000
Materials sent to site	1,50,000
Materials lying at site on 31.02.2011	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 materials used and 6% of wages may be taken to have been incurred for the portion of work completed but not yet certified. Overheads are charged as a percentage of direct wages.

17. Pallavan Transport Corporations runs the following fleet of buses in a particular area of Chennai for 30 days in a month . 25 buses of 50 passenger capacity, on an average each bus makes 10 trips a day covering a distance of 8 kms in each trip with 75% of seats occupied. Generally, 10% of buses are kept from the roads for repairs.

Monthly expenses	Rs.	Monthly expenses	Rs.
Rent	2,500	Road tax	500
Salary of chief operating manager	1,500	Consumable stores	4,500
Salary of three assistant managers	800 each	Diesel	34,000
Salary of four supervisors	400 each	Lubricants	5,500
Wages of thirty cleaners	100 each	Replacement of tyres	1,750
Wages of twenty five drivers	240 each	Miscellaneous expenses	2,750
Wages of twenty five conductors	200 each	Depreciation	6,500
Work shop expenses	3,500		

Calculate the cost per passenger km of operating the service.

### Section C

Answer Any TWO questions.

(2 x 20 = 40)

18. Forecast the cash position at the end of April, May and June 2018, from the following information:

Month 2018	Sales (Rs.)	Purchases ( Rs.)	Wages (Rs.)	Sales expenses (Rs.)
February	1,20,000	80,000	10,000	7,000
March	1,30,000	98,000	12,000	9,000
April	70,000	1,00,000	8,000	5,000
May	1,16,000	1,03,000	10,000	10,000
June	85,000	80,000	8,000	6,000

Additional information:

Sales at 10% realized in the month of sales. Balance equally realized in two subsequent months.

Purchases : Creditors are paid in the month following the month of supply.

Wages : 20% paid in arrears in the following month.

Sundry expenses paid in the month itself.

Income tax Rs.20,000 payable in June.

Dividend Rs.12,000 payable in June.

Income from investments Rs.2,000 received half yearly in March and September.

Cash balance on hands as on 1/4/2018 Rs.40,000.

19. 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 Rs. 125, Rs.80 and Rs.70 respectively. In a normal working week of 40 hours, the gang is expected to produce 1,000 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 Rs. 120 , Rs.85 and Rs. 65 respectively. Two hours were lost due to abnormal idle time and 960 units of output were produced. Calculate all possible labour variances.

20. Ramsons Ltd. produces a product which goes through three processes A, B and C before it is finished and sent to the godown for distribution. From the following details ascertain the cost of product at the end of each stage of production.

Particulars	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Raw materials	10,000	-	-
Other direct materials	30,000	20,000	10,000
Direct wages	10,000	20,000	30,000
Overheads	10,000	8,000	20,000
Output in units	15,000	14,000	17,000
Opening stock (units from previous process)	-	6,000	5,000
Closing stock ( units from the previous process)	-	5,000	1,000

22. The following particulars are taken from the records of a company engaged in manufacturing two products X and Y from a certain raw material:

Particulars	Product X (Rs. Per unit)	Product Y (Rs. Per unit)
Sales	125	250
Material cost (Rs.2.5 per kg)	25	62.50
Wages ( Rs. 15 per hour)	37.50	75
Variable overhead	12.50	25

Total fixed overheads Rs.50,000

Comment on the profitability of each product when:

- Total availability of raw material is Rs.20,000 kgs and maximum sales potential of each product is 1,000 units. Find the product mix to yield maximum profit. Determine the maximum profit.
- Total sales in value is limited.
- Labour time is limited.
- Production capacity in units is a key factor.

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