|  |  |  |  |  |  |  |  |  |  |  |  |
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| Reg.No : |  |  |  |  |  |  |  |  |  |  |  |

**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE-1**

**SEMESTER EXAMINATIONS**

**NOVEMBER - 2016 15CPCO3C**

**ADVANCED COST ACCOUNTING**

**Time : 3 Hours Max. Marks : 75**

**Section – A (5 x 6 = 30)**

**Answer ALL the questions.**

1. (a) What is Cost Accounting? What are its objectives?

(Or)

(b) From the following data relating to the manufacture of a standard product during the month of

September 2013, prepare a statement showing the cost and profit per unit.

|  |  |
| --- | --- |
| Raw materials used | Rs.40,000 |
| Direct wages | Rs.24,000 |
| Machine hours worked | 9,500 hours |
| Machine hour rate | Rs.4 per month |
| Office overheads | 20% on the works cost |
| Selling overheads | Rs.1 per unit |
| Units produced | 20,000 units |
| Units sold | 18,000 @ Rs.10 per unit |

1. (a) The following figures show the cost of two processes of manufacture. The production from

process II is passed to finished stock account.

|  |  |  |
| --- | --- | --- |
|  | Process I  Rs. | Process II  Rs. |
| Direct material | 2,000 | 3,020 |
| Direct Wages | 3,500 | 4,226 |
| Production overheads | 1,500 | 2,000 |

1,000 units are introduced at a cost of Rs.5 per unit. Other information is as follows:

|  |  |  |
| --- | --- | --- |
|  | Normal loss | Actual output |
| Process I | 10% of input | 920 units |
| Process II | 5% of input | 870 units |

The wastage realizes Rs.3 per unit in process I and Rs.5 per unit in process II. Prepare

process accounts.

(Or)

(b) A factory produces three products X, Y, and Z of equal value from the same manufacturing process.

The joint cost before spilt - off point is Rs.25,200. Further processing costs are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Product X  Rs. | Product Y  Rs. | Product Z  Rs. |
| Materials | 1,400 | 1,300 | 580 |
| Labour | 420 | 400 | 380 |
| Overheads | 180 | 10 | 240 |
|  | 2,000 | 1,800 | 1,200 |
| 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.

1. (a) Reena Bros. undertook a building construction contract. The contract was commenced on 1.1.2013

and completed on 30.6.2013. He incurred the following expenses.

|  |  |
| --- | --- |
|  | Rs. |
| Materials consumed | 16,750 |
| Materials in hand on 30.6.2013 | 4,750 |
| Wages | 14,250 |
| Direct expenses | 72,600 |
| Plant purchased | 36,000 |

Provide deprecation @ 10% p.a. on plant. Indirect expenses amount to 20% on wages. Prepare

contract a/c and contractor’s a/c in the books of contractor.

(Or)

(b) A firm of large contractors kept separate accounts for each contract. On 31.12.2013 the following

were shown as being the expenditure in connection with contract No.101.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| Materials issued from stores | 48,925 | Establishment charges | 43,600 |
| Materials purchased | 2,90,315 | Plant which had been used on |  |
| Wages | 3,68,170 | other contracts | 62,615 |
| Direct expenses | 10,130 | Additional plant purchased | 18,050 |

The contract which had commenced on 1.7.2013 was for Rs.1,50,000 and the amount certified by

the architect, after deduction of 20% retention money was Rs.6,04,000 the work being certified till

31.12.2013. The materials on site on that date were valued at Rs.49,290. The deprecation on plant

in respect of this contract till 31.12.2013 was Rs.5,650.

Prepare a contract a/c, showing the profit on the contract up to 31.12.2013.

1. (a) From the following particulars compute,

a) Material cost variance,

b) Materials price variance and

c) Materials usage variance.

|  |  |
| --- | --- |
| Quantity of materials purchased | 3,000 units |
| Value of materials purchased | Rs.9,000 |
| Standard quantity of materials required per tonne of output | 30 units |
| Standard rate of materials | Rs.2.50 per unit |
| Opening stock of materials | Nil |
| Closing stock of materials | 500 units |
| Output during the period | 80 tonnes |

(Or)

(b) Using the following information, calculate the labour variance:

Direct Wages : Rs. 3,000

Standard hours produced : 1,600

Standard rate per hour : 1.50

Actual hours paid 1,500 hours, out of which hours not worked (abnormal idle time) are 50.

1. (a) Prepare a reconciliation statement from the following data:

|  |  |
| --- | --- |
|  | Rs. |
| Net loss as per cost accounts | 1,72,400 |
| Net loss as per financial accounts | 2,16,045 |
| Works overheads under - recover in cost accounts | 3,120 |
| Deprecation over charged in cost accounts | 1,300 |
| Administration overheads recover in excess | 1,700 |
| Interest on investments | 8,750 |
| Goodwill written off in financial accounts | 5,700 |
| Income tax paid | 40,300 |
| Stores adjustment (credit in financial accounts) | 475 |
| Deprecation of stock charged in financial accounts | 6,750 |

(Or)

(b) Write short note on: i) Spoilage. ii) Defectives.

**Section – B ( 3 x 15 = 45 )**

**Answer any THREE of the following questions.**

1. Write short notes on: a) Cost Centre b) Cost Control c) Joint Cost.
2. The following figures have been obtained from the cost records of Rio manufacturing company for the year 2012.

|  |  |
| --- | --- |
|  | Rs. |
| Cost of materials | 2,40,000 |
| Wages of labour | 2,00,000 |
| Factory Expenses | 1,20,000 |
| Distribution Expenses | 56,000 |
| Administration Expenses | 1,34,400 |
| Selling Expenses | 89,600 |
| Profit | 1,68,000 |

A work order has been executed in 2013 and the following expenses have been incurred. Cost of materials Rs.32,000 and wages for labour Rs.20,000. Assume that in 2013 the rate for factory expenses went up by 20%, distribution charges went down by 10% and selling and administration charges went by 12.5%. At what price should the product or the job be quoted so as to earn the same (earlier) rate of profit on the selling price? Show the full working, distribution, administration and selling charges are based on the factory cost.

1. Prepare a statement of equivalent production, statement of cost, statement of valuation and process account from the following particulars using FIFO method.
2. Opening work - in - progress 900 units at Rs.4,500

Degree of completion Materials: 100% Labour & Overheads: 60%

1. Input of materials 9,100 units at Rs.27,300

Expenses: Labour Rs.12,300, Overheads Rs.8,200

1. Units scrapped : 1,200 units

Degree of completion Materials: 100% Labour & Overheads: 70%

1. Closing Work - in - progress: 1,000 units.

Degree of completion Materials: 100% Labour & Overheads: 80%

1. Finished units transferred to next process: 7,800.
2. Normal scrap: 10% of input: Scrap realization @ Rs.3 per unit.

If the above statement are prepared under average cost method, do you need any more details?

1. From the following, prepare contract account for the three years 2011, 2012 and 2013.

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2011(Rs.) | 2012 (Rs.) | 2013 (Rs.) |
| Materials issued | 1,10,000 | 1,20,000 | 80,000 |
| Other charges | 10,000 | 8,000 | 20,000 |
| Wages | 2,20,000 | 60,000 | 2,00,000 |
| Machinery issued | 50,000 | --- | --- |
| Value of machinery at the end of the year | 45,000 | 40,000 | 36,000 |
| Materials at site | 4,000 | 4,500 | 2,000 |
| Work uncertified | 2,000 | 6,000 | --- |
| Work certified | 4,00,000 | 10,00,000 | 12,00,000 |

The contract price was Rs.12,00,000. Cash received was 80% of work certified.

10. Vinak Ltd., has furnished you the following information for the month of August.

|  |  |  |
| --- | --- | --- |
|  | Budget | Actual |
| Output | 30,000 | 32,500 |
| Hours | 30,000 | 33,000 |
| Fixed overhead | Rs.45,000 | 50,000 |
| Variable overhead | Rs.60,000 | 68,000 |
| Working days | 25 | 26 |

Calculate the variances.

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