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Register Number:

Name of the Candidate:

**M.Com. DEGREE EXAMINATION, May 2015****(SECOND YEAR)****(Group – A)****650: ADVANCED COST ACCOUNTING****(Old Regulations)**

Time: Three hours

Maximum: 100 marks

**SECTION - A****Answer any FIVE questions****(5 × 8 = 40)**

1. What are the differences between financial accounting and cost accounting?
2. What is machine hour rate? Explain it with suitable illustration.
3. Explain any two incentive schemes with suitable illustrations.
4. What are the salient features of unit costing?
5. Calculate maximum level, minimum level, and reordering level from the following data.

Reorder quantity	1500 units
Reorder period	4 to 6 weeks
Maximum consumption	400 units per week
Normal consumption	300 units per week
Minimum consumption	250 units per week

6. The information given below has been taken from the cost records of a factory in respect of job no.909.

Direct material wage details ₹ 4010

Dept –A : 60 hours @ ₹3 per hour

Dept- B : 40 hours @ ₹ 2 per hour

Dept- C: 20 Hours @ 5 per hour

The variable overheads are as follows:

Dept – A – ₹ 5000 for 5000 hours

Dept – B – ₹ 3000 for 1500 hours

Dept – C – ₹ 2000 for 500 hours

Fixed expenses estimated at ₹20,000 for 10,000 working hours. Calculate the cost of the job No.909 and profit for the job to give a profit of 25% on the selling price.

7. In the course of manufacture of the main product 'P' by-product "A" and "B" also enlarge. The joint expenses of manufacture amount to ₹1,19,550. All the products are processed further after separation and sold as per details given below.

Sales	Main product	By-Products	
	P	A	B
Cost beyond	90,000	60,000	40,000
Split off stage	6,000	5,000	4,000
Profit as percentage of sales	25%	20%	15%

Selling and administration overheads are absorbed as percentage of cost of sales. Prepare a statement showing the apportionment of joint cost to the main product and by-products.

8. A company maintains separate cost and financial accounts and the costing profit for 2014 differed to that revealed in the financial accounts. Which was shown as ₹ 50,000.

The following information is available.

	Cost Accounts ₹	Financial Accounts ₹
Opening stock of raw material	5,000	5,500
Closing stock of raw material	4,000	5,300
Opening stock of finished goods	12,000	15,000
Closing stock of finished goods	14,000	16,000

Dividend of ₹ 1000 was received by the company.

A machine with net book value of ₹10,000 was sold during the year for ₹8,000. The Company charged 10% interest on its opening capital employed of ₹80,000 to its process costs.

You are required to determine the profit figure which was shown in the cost accounts.

### SECTION - B

Answer any THREE questions

(3 × 20 = 60)

9. What is cost accounting? Explain elements of cost and classification of cost with suitable examples.
10. What is cost audit? Explain its scope and significance in cost accounting.
11. The following transactions occur in the purchase and sale of a material.

January 2	Purchased food units @ ₹4 per unit
January 20	Purchased 500 units @ ₹ 5 per unit
February 5	Issued 2000 units

February 10	Purchased 6000 units @ ₹6 per unit
February 12	Issued 4000 units
March 2	Issued 1000 units
March 5	Issued 2000 units
March 15	Purchased 4500 units @ 5.50 per unit
March 20	Issued 3000 units

From the above, prepare the stores ledger account (a) by adopting FIFO method of charging material issued and (b) LIFO method.

12. The product of a company passes through three distinct processes to completion. They are known as A, B and C. From past experience it is ascertained that loss is incurred in each process as process A-2% process B-5% and process C-10%

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 ₹5 per 100 units and that of process C at ₹20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed from process C into stock.

	Process		
	A	B	C
Materials consumed	6,000	4,000	2,000
Direct layout	8,000	6,000	3,000
Manufacturing expenses	1,000	1,000	1,500

20,000 units have been issued to process A at a cost of ₹10,000. The output of each process has been as under(units)

Process A 19,500

Process B 18,500

Process C 16,000

Prepare process accounts.

13. Mr. Raj undertook a contract for ₹15,00,000 as on arrangement that 80% of the value of the work done as certified by the architect of the contractee, should be paid immediately and that the remaining 20% be retained until the contract was completed.

In 2012, the amounts expended were-materials ₹1,80,000 wages ₹1,70,000 carriage ₹6,000, Cattle ₹1,000, sundry expenses ₹3,000. The work was certified for ₹3,75,000 and 80% of this was paid as agreed.

In 2013, the amounts expended were – materials ₹2,20,000 wages ₹2,30,000 carriage ₹23,000 carriage ₹2,000 sundry expenses ₹4,000. Three fourth of the

contract was certified as done by 31<sup>st</sup> December and 80% of this was received accordingly. The value of work uncertified was ascertained at ₹20,000.

In 2014 the amounts expended were materials ₹1,26,000 wages ₹1,70,000 carriage ₹6,000 sundry expenses ₹3,000 and on 30<sup>th</sup> June the whole contract was completed.

Prepare contract account and contractee's account.

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