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HKAM 41

M.Com./M.Com. with Computer Application (CBCS)
DEGREE EXAMINATION, APRIL 2015.

Fourth Semester

ADVANCED COST ACCOUNTING

(For those who joined in July 2012 and afterwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Tender is an estimation of

- (a) cost price (b) profit
(c) selling price (d) tax

2. Selling price minus profit is equal to cost of

- (a) purchases (b) sales
(c) prime cost (d) material cost

3. A "process" of production is otherwise known as _____.

- (a) a stage (b) a degree
(c) a part (d) a segment

4. A method of costing used to ascertain the cost of output of each stage of production is called as

- (a) Marginal costing
(b) Standard costing
(c) Material costing
(d) Process costing

5. Operating costing is widely used in _____.

- (a) chemical industry
(b) textile industry
(c) transport industry
(d) sugar industry

6. Operating cost is usually ascertained through

- (a) A ledger a/c
(b) P & L a/c
(c) Balance sheet
(d) A statement or cost sheet

7. Payment is usually received in different stages of completion in _____.

- (a) census work (b) civil work
(c) contract work (d) cinema work

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8. The work certified appears in the
 (a) journal (b) ledger
 (c) balance sheet (d) cost sheet
9. Which is likely to vary between cost a/cs and financial a/cs?
 (a) profit (b) expenses
 (c) salaries (d) taxes
10. Part of profit such as dividend reserves etc are termed as
 (a) appropriations (b) distribution
 (c) declaration (d) averaging

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b),
 each answer should not exceed 250 words.

11. (a) What is Prime cost?

Or

- (b) Classify Overheads.

12. (a) State any four advantages of process costing.

Or

- (b) Distinguish between normal loss and abnormal loss.

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13. (a) A transport co. operates 4 buses on a route 100 kms long. Each bus makes 3 round trips per day on all 30 days in a month. On an average 20% of the vehicles are in garage for repairs. Ascertain the total distance covered by the buses in one month period.

Or

- (b) Calculate the passenger kilometres by a fleet of 4 taxis run by Joy travels from Madurai to Virudhunagar (45 kms) and back 4 trips each day with 5 passengers on an average on each vehicle, for the month of April, 2015.

14. (a) A contractor has to supply 10,000 paper cones per day, for 320 days in a year. He finds that when he starts production, he can produce 20,000 units a day. The cost of holding a paper cone for one year is 2 paise and the set up cost of a production run is Rs.20. How frequently should production run be made?

Or

- (b) Sun builders undertook a contract for constructing a mini theatre from 01 Jan. 2014. The contract price was Rs.1,00,000. They incurred the following expenses :

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Materials issued Rs.6,000; Closing stock of materials Rs.1,000; Wages Rs.5,000; Direct expenses Rs.20,000; Plant purchased Rs.10,000.

The contract was completed on 30 June 2014 and the contract price was duly received. Provide depreciation @ 20% p.a. on plant and charge indirect expenses at 20% on wages. Prepare a Contract a/c in the books of sun builders.

15. (a) Indicate the importance of integrated costing.

Or

- (b) Write short notes on : Cost Control Accounts.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b), each answer should not exceed 600 words.

16. (a) Calculate cost of sales from the following details.

(i) Direct

Materials Rs.50,000

Wages Rs.40,000

Expenses Rs.10,000

(ii) Indirect materials used in

Factory Rs.8,000

Office Rs.12,000

Selling Rs.6,000

Distribution Rs.4,000

(iii) Indirect labour in

Factory Rs.15,000

Office Rs.20,000

Selling Rs.18,000

Distribution Rs.12,000

(iv) Indirect expenses relating to

Factory Rs.6,000

Office Rs.3,000

Selling Rs.1,000

Or

- (b) From the following figures, prepare a cost sheet showing cost per unit, assuming that 20,000 units are produced in a month.

	Rs.
Opening raw materials	5,000
Closing raw materials	10,000
Factory overheads	40,000
Purchases	55,000
Direct wages	25,000
Office overheads	20,000



17. (a) 100 units are introduced into Process I at a cost of Rs.9,600 and an expenditure of Rs.4,800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced.

This wastage is having a scrap value of Rs.10 per unit. The actual output of Process I is 90 units, transferred to Process II.

Prepare Process I account, Abnormal gain a/c and Normal loss a/c.

Or

- (b) Compute the cost of output and abnormal loss/gain : Cost of the process Rs.1,50,000; Input in units 10,000; Normal loss 5%; Scrap value of normal loss per unit Rs.5; Output 9,600 units.

18. (a) Where and how operating cost is applicable?

Or

- (b) Product X goes through 3 operations, before it is finished. Normal loss of the operations is as follows,

Operation 1 : 25% of input

Operation 2 : 1/6 of input

Operation 3 : 20% of input

Compute the initial input required to obtain a final output of 200 units.

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19. (a) Explain multiple operation costing.

Or

- (b) Ascertain the profit, from the following data :

Contract price Rs.16,00,000;

Cost incurred upto 31.12.2014 Rs.9,00,000;

Time required for completion 3 months;

Additional expenditure required for completion Rs.1,00,000;

Value of work certified Rs.14,00,000;

Cash received Rs.12,00,000;

Cost of work done but not certified Rs.10,000

20. (a) Justify the need for the reconciliation of cost and financial accounting.

Or

- (b) Write critical notes on Integrated costing.

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