

- (b) The budgeted and actual sales for a period in respect of two products are given below :

Product	Budgeted Quantity	Price Rs.	Actual Quantity	Rate Rs.
A	1,000	20	1,300	21
B	<u>2,000</u>	15	<u>2,300</u>	14
	<u>3,000</u>		<u>3,600</u>	

Calculate the sales variances.

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M.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2012.

Fourth Semester

Commerce

ADVANCED COST ACCOUNTING

(For those who joined in July 2008 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

1. State any four industries where job costing can be applied suitably.
2. What is economic batch quantity?
3. What is work-in-progress ledger?
4. What do you understand by integration of accounts?
5. How is normal loss treated in process accounts?

6. State the objectives for charging inter-process profit.
7. What is profit volume ratio?
8. When compared to the previous year, while the sale increased by Rs. 10 crore, the profit increased only by Rs. 50 lakh during the current year. What is the P/V ratio?
9. Define standard costing.
10. How would you calculate labour efficiency variance?

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

11. (a) From the under mentioned particulars, find the value of closing stock and cost of goods sold :

	Rs.
Direct materials	4,98,00
Direct wages	1,71,000
Opening stock of work-in-progress	51,000
Closing stock of work-in-progress	45,000

	Rs.
Factory overheads	50,000
Administrative overheads	75,000
Opening stock of finished goods	Nil

During the period 10000 units were produced and only 8000 units were sold.

Or

- (b) What is service costing? Mention the types of business in which the system would be suitable.
12. (a) Give the journal entries for materials purchased, issued, returned to stores, returned to supplier and transfer to another job under cost ledger control accounts.

Or

- (b) From the following details show the work in progress account under the integral accounting.

Work-in-progress account (opening balance)
Rs. 3,000

Direct wages Rs. 15,000

Stores purchases Rs. 50,000

Stores issued to production Rs. 22,000

Goods finished during the period of costs
Rs. 85,000

Production overhead recovered Rs. 9,000.

13. (a) What are the different methods of accounting for by-products?

Or

- (b) A batch of 600 units was introduced in a process at Rs. 20 per unit. 500 units were completed and transferred to the finished goods store. The normal process loss was 20% of input and scrap is sold to a contractor at Rs. 2 per unit. The labour and overhead expenses incurred in the process amounted to Rs. 400 and Rs. 300 respectively. Show the abnormal gain account.

14. (a) State the circumstances under which a product could be sold below marginal cost.

Or

- (b) Given :

Margin of safety Rs. 8,000

Margin of safety ratio 40% and

P/V ratio 25%

Find fixed cost, break-even sales and total profit.

15. (a) Distinguish between standard costing and budgetary control.

Or

- (b) Calculate fixed overhead expenditure, calendar and capacity variances from the data given below :

	Budget for the month of March	Actual for the month of March
No of days	20	22
Fixed overheads (Rs)	10,000	12,000
Production (units)	30,000	36,000

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) The following figures relate to Job no 101 of D Ltd

	Rs.
Raw material consumed	15,000
Direct labour charges	9,000
Machine hour rate	Rs. 5
Machine hours worked	1,300
Administrative overheads	20% on works cost
Selling overheads	Rs. 12,800
Units produced	6,100
Units sold	5,500

You are required to prepare a statement showing the cost and profit of job No. 101.

Or

- (b) The cost of sales of Product X is made up as follows :

	Rs.
Materials used in manufacturing	55,000
Materials used in primary packing	10,000
Materials used in selling	1,500
Materials used in the factory	750
Materials used in office	1,250
Labour required in factory supervision	2,000
Labour required in production	10,000
Direct expenses	5,000
Indirect expenses -factory	1,000
Administrative expenses	1,250
Depreciation of office building	750
Depreciation on factory building	1,750
Selling expenses	3,500
Freight on materials purchased	5,000
Advertising	1,250

Assuming all the units produced are sold, what should be selling price to obtain a profit of 20% on sales?

17. (a) The balances in the Cost Leger of a manufacturing company on January 1, 2009 were :

Particulars	Rs.
Stores ledger control a/c	7,000
Work-in-progress ledge control a/c	12,800
Finished goods ledger control a/c	2,000
General ledger adjustment a/c	21,800

You are given the following information for the year 2009:

Particulars	Rs.
Purchase of materials	40,000
Direct factory wages	60,000
Manufacturing expenses	36,600
Selling and distribution expenses	5,400
Materials issued to production	37,200
	Rs.
Manufacturing expenses recovered	34,440
Selling and distribution expenses recovered	5,320
Sales	1,50,000
Stock of finished goods at December 31, 2009	4,700
Work in progress at December 31, 2009	14,700

You are required to show the accounts in the cost ledger for the year 2009, to prepare the costing profit and loss account for the year, and extract a trial balance.

Or

(b) The following are the extracts of balances of Sita and Co. Ltd in its integrated ledger on 31st March 2008.

Particulars	Dr.	Cr
	Rs.	Rs.
Stores control account	3,600	—
Finished goods accounts	2,600	—
Work-in-progress account	3,400	
Creditors account		1,600
Cash at bank	2,000	
Debtors account	2,400	
Fixed assets account	11,000	
Profit and loss account		6,400
Depreciation provision account		1,000
Share capital account		16,000
	<u>25,000</u>	<u>25,000</u>

Transactions for the year ending 31st March 2009 were

	Rs.
Wages :	
Direct	1,000
Indirect	17,400
Stores purchased on credit	10,000
Stores issued to production	22,000

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	Rs.
Wages :	
Stores issued to repair order	400
Goods finishing during period at cost	43,000
Goods sold at cost	44,000
Goods sold at sales value (on credit)	60,000
Production overhead recovered	9,600
Production overhead (paid by cheque)	8,000
Administration overhead (paid by cheque)	2,400
Selling and distribution overhead (paid by cheque)	2,800
Depreciation (Works)	260
Payment from customers	58,000
Payment to suppliers	20,200
Purchases on fixed assets in cash	400
Fines paid	100
Income Tax	4,000
Charitable donations	200
Rates prepaid included in production overhead -incurred	60
Interest on Bank Loan	20

You are required to write up the accounts in Integral Ledger and take out a trial balance. The administration overhead is written off to profit and loss account.

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18. (a) A Ltd produces 'AXE' which passes through two processes before it is completed and transferred to finished stock. The following data relate to October 2005

Particulars	Process I Rs.	Process II Rs.	Finished stock Rs.
Opening stock	7,500	9,000	22,500
Direct materials	15,000	15,750	
Direct wages	11,200	11,250	
Factory overheads	10,500	4,500	
Closing stock	3,700	4,500	11,250
Inter-process profit included in opening Stock		1,500	8,250

Output of process I is transferred to finished stock at 20% profit on the transfer price. Output of process II is transferred to finished stock at 20% profit on the transfer price. Stock in process is valued at prime cost. Finished stock is value at the price at which it is received from Process II. Sales during the period are Rs. 1,40,000. Prepare process cost accounts and finished goods account showing the profit element at each stage.

Or

- (b) A product passes through two distinct processes A and B and then to finished stock. The normal wastage of each process is as follows :

Process A -3% of the units entering the process

Process B -5% of the units entering the process.

Wastage of process A was sold at 50 paise per unit and that of process B at Re. 1 per unit.

10,000 units were issued to Process A at a cost of Rs. 2 per units.

The expenses were as follows :

Particulars	Process I Rs.	Process II Rs.
Materials	2,000	3,000
Wages	10,000	16,000
Overhead expenses	2,100	2,375
Actual output (units)	9,500	9,100

Prepare process account and other accounts.

19. (a) From the following data, calculate :

- (i) Break even point in Rupees
- (ii) No of units that must be sold to earn a profit of Rs. 1,20,000 per year
- (iii) No of units are to be sold to earn a net income of 15% of sales

	Rs.
Selling price per unit	40
Variable manufacturing cost per unit	22
Variable selling cost per unit	3
Fixed factory overheads	1,60,000
Fixed selling costs	20,000

Or

- (b) Krishna Ltd is not keen on making special efforts to push the sales of product B, one of three main products it deals in, since the product B is not considered to be as profitable as the other two. The selling prices and cost of the three products are :

Product	Selling price Rs.	Direct material Rs.	Direct labour		
			Dept X	Dept Y	Dept Z
A	340	50	40	10	10
B	290	30	10	40	10
C	320	40	10	10	40

Overhead rates for each department per rupee of direct labour are as follows :

	Dept X	Dept Y	Dept Z
	Rs.	Rs.	Rs.
Variable overhead	1.2	.4	1.0
Fixed overhead	1.2	2.0	1.4
	2.4	2.4	2.4

What will be your advice about the profitability of product B? Give reasons.

20. (a) The standard cost of a chemical mixture is as under :

8 tonnes of material A at Rs. 40 per tonne

12 tonnes of material B at Rs. 60 per tonne

Standard yield is 90% of input

Actual cost for a period is as under :

10 tonnes of material A at Rs. 30 per tonne

20 tonnes of material B at Rs. 68 per tonne

Actual yield is 26.5 tonnes

Compute the material variances.

Or