18PAU16

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATIONS MAY 2023
(Fourth Semester)

Branch- **COMMERCE (POFESSIONAL ACCOUNTING)**

COST AND MANAGEMENT ACCOUNTING - II

Time: Three Hours Maximum: 50 Marks

SECTION-A (5 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** marks (5 x 1 = 5)

1 Process cost is ascertained and recorded in __________.
(i) Balance sheet (ii) Profit and loss a/c
(iii) Separate statement (iv) Separation account in ledger

2 Contract costing is the most appropriate method of costing for __________.
(i) Construction industry (ii) Banking Industry
(iii) Textile mills (iv) Cement Industry

3 Which department is responsible for labour rate variance?
(i) Production department (ii) Sales department
(iii) Personnel department (iv) Purchase department

4 ________ indicates the relationship of contribution to sales.
(i) P/V ratio (ii) Contribution
(iii) Loss (iv) Sales

5 A master budget is __________.
(i) Budget for assets & liabilities
(ii) Budget of profit or loss
(iii) Budget for managerial remuneration
(iv) Budget for operations of the entire organization

SECTION - B (15 Marks)
Answer **ALL** Questions
ALL Questions Carry **EQUAL** Marks (5 x 3 = 15)

6 a. Describe the main features of process costing.

(OR)

b. Srikar & Co. produces through two processes 'J' and 'K'. Prepare the process accounts from the following details relating to March 2007.

	Process J (Rs.)	Process K (Rs.)
Material	45,000	15,000
Labour	60,000	25,000
Chargeable expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

7 a. A limited commenced a contract on 1-4-2016. Contract price was Rs.1,00,000. By March 31,2017, the company had received Rs.36,000 (90% of work certified), work uncertified Rs.1,000. Expenditure for the contract upto 31-3-2017: Material Rs.5,000; Wages Rs.30,000; and Plant Rs.2,000.
Material costing Rs.500 were damaged and had to be disposed off for Rs.100. Write off depreciation on plant at 25%. Prepare contract account.

(OR)

Cont...

b. Laxmi travels, a transport company is running a fleet of six buses between two towns 75 kms apart. The seating capacity of each bus is 40 passengers. The following particulars are available for the month of April 2017.

	Rs.
Wages of Drivers, Conductors, etc.	3,600
Salaries of office and supervisory staff	1,500
Diesel oil, etc.	10,320
Repairs and maintenance	1,200
Taxes and insurance	2,400
Depreciation	3,900
Interest and other charges	3,000

The actual passengers carried were 80% of the capacity. All the buses run all the days in the month. Each bus made one round trip per day.

Find out the cost per passenger kilometre.

8 a. From the following details calculate
i) Materials cost variance ii) Materials price variance

Standard output	100 units
Standard materials per unit	3 kgs
Standard price per kg	Rs. 2
Actual output	80 units
Actual price per kg	Rs. 2.50
Actual materials used	250 kgs

OR

b. State the limitations of standard costing.

9 a. From the following information, calculate BEP and sales required to earn a profit of Rs.20,000; Sales Rs.50,000;Variable cost Rs.20,000
Fixed expenses Rs. 15,000.

OR

b From the following details state which product is more profitable to manufacture. Assume time as the key factor.

	Product A (per unit) (Rs.)	Product B (per unit) (Rs.)
Material	24	14
Labour (Re. 1 per hour)	2	3
Variable overhead (Rs. 2 per hour)	4	6
Sales price	100	110
Standard time to produce (in hours)	2	3

10 a. From the following information, prepare a production budget for 3 months ending 31.3.2017.

Product	1.1.2017 Stock (Units)	31.03.2017 Stock (Units)	31.03.2017 Sales (Units)
A	8,000	12,000	40,000
B	12,000	10,000	50,000
C	16,000	8,000	60,000
D	12,000	6,000	70,000

OR

b From the following figures, prepare raw materials purchase budget

	Materials (units)			
	A	B	C	D
Estimated opening stock	16,000	6,000	24,000	2,000
Estimated closing stock	20,000	8,000	28,000	4,000
Estimated consumption	1,20,000	44,000	1,32,000	36,000
Standard price per unit (Rs.)	0.25	0.05	0.15	0.10

SECTION -C (30 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 x 6 = 30)

11 a. Calculate the cost of each process and total cost of production from the data given below:

	Process 1 (Rs.)	Process 2 (Rs.)	Process 3 (Rs.)
Material	2,250	750	300
Wages	1,200	3,000	900
Direct expenses	500	500	500
Works overhead	1,890	2,580	1,875

The indirect expenses Rs.1,275 should be apportioned on the basis of wages.

OR

b. A product passes through three processes, I, II and III. From the following information, prepare the processes accounts, assuming that there were no opening or closing stocks.

	Process 1 (Rs.)	Process 2 (Rs.)	Process 3 (Rs.)
Materials	1,000	1,500	500
Labour	5,000	8,000	6,500
Overheads	1,050	1,188	2,009
Actual output (units)	9,500	9,100	8,100
Normal loss	3%	5%	8%

The wastage of process I was sold at 25 paise per unit, that of process II at 50 paise per unit and that of process III at Rs. 1 per unit. 10,000 units were issued to the process I in the beginning at a cost of Rs. 1 per unit.

12 a. The following are the expenses of Balaji & Co., in respect of a contract which commenced on 1st January 2010:

	Rs.
Materials purchased	50,000
Materials on hand	2,500
Direct wages	75,000
Plant issued	25,000
Direct expenses	40,000

The contract price was Rs.7,50,000 and the same was duly received when the contract was completed in August 2010. Charge indirect expenses at 15% on wages; provide Rs.5000 for depreciation on plant and prepare the contract account.

OR

b. The following sums have been spent on a contract still unfinished on December 31, 2016.
Direct materials Rs.2,40,000 ; Wages Rs. 2,10,000
Direct charges Rs. 1,50,000 ; Uncertified work Rs. 22,500.
Rs. 6,00,000 have been received from the contractee, being 80% of the work certified. Prepare the contract account.

13 a. From the following information calculate:
i) Material cost variance ii) Material price variance and iii) Material Quantity variance

Material	Standard quantity Kg.	Standard Price Rs.	Actual Quantity Kg.	Actual Price Rs.
X	20	5	24	4.00
Y	16	4	14	4.50
Z	12	3	10	3.25
	48		48	

OR

b. From the following data, calculate labour variances:
The budgeted labour force for producing product A is:
20 Semi skilled workers @Re. 0.75 per hour for 50 hours
10 Skilled workers @Rs. 1.25 per hour for 50 hours
The actual labour force employed for producing A is :
22 Semi skilled workers @Re. 0.80 per hour for 50 hours
8 skilled workers @Rs. 1.20 per hour for 50 hours

14 a. The following particulars are given

Year	Sales (Rs.)	Profit (Rs.)
2018	3,00,000	40,000
2019	4,00,000	60,000

Calculate:
i) P/V ratio
ii) Fixed cost
iii) Break even point
iv) Sales required to make a profit of Rs.70,000

OR

b. From the data given below findout a) P/V ratio b) Break even point c) sales to realize profit of Rs.1,60,000.
Variable cost per unit : Material Rs.10; Labour Rs.7; Variable overheads 100% of labour; Fixed expenses Rs.64,000. Sales per unit Rs.30.

15 a. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90%.

	70%	80%	90%
Variable overheads:			
Indirect labour	-	12,000	-
Indirect material	-	4,000	-
Semi variable overhead:			
Power 30% fixed	-	20,000	-
Repairs and Maintenance (60% fixed)	-	2,000	-
Fixed overhead:			
Depreciation	-	11,000	-
Insurance	-	3,000	-
Salaries	-	10,000	-
Total overhead	-	62,000	-
Estimated direct labour hours	-	1,24,000	-

OR

b. Prepare a Cash Budget for January to April months from the following information:

Month	Purchases (Rs.)	Sales (Rs.)
January	48,000	60,000
February	80,000	40,000
March	81,000	45,000
April	90,000	40,000

Monthly wages payable Rs.5000. Cash as on 1st January Rs.8000.

Z-Z-Z END