

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2024
(Fourth Semester)

Branch - COMMERCE (PROFESSIONAL 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 Which of the following is a by-product?
(i) Diesel and Petrol in an oil refinery (ii) Edible Oils and oil cakes
(iii) Curd and Butter in a dairy (iv) Mustard seeds and mustard oil
- 2 Cost unit used in power sector is
(i) Kilo meter (K.M) (ii) Kilowatt-hour (kWh)
(iii) Number of electric points (iv) Number of hours
- 3 The standard most suitable from cost control point of view is
(i) Theoretical standard (ii) Expected standard
(iii) Normal standard (iv) Basic standard
- 4 The main difference between marginal costing and absorption costing is regarding the treatment of:
(i) Prime cost (ii) Fixed Overheads
(iii) Direct materials (iv) Variable Overheads
- 5 Which of the following is usually a short-term budget:
(i) Capital expenditure budget (ii) R&D budget
(iii) Cash budget (iv) Sales budget

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. (a) A product passes through Process- I and Process- II. Materials issued to Process- I amounted to Rs. 40,000, Wages Rs. 30,000 and manufacturing overheads were Rs. 27,000. Normal loss anticipated was 5% of input. 4,850 units of output were produced and transferred-out from Process-I. There were no opening stocks. Input raw material issued to Process I were 5,000 units. Scrap has realisable value of Rs. 2 per unit. You are required to PREPARE Process- I account, value of normal loss, abnormal loss/ gain and units transferred to Process-II.

OR

- (b) Write a note on Joint and By Products.

7. (a) COMPUTE estimated profit on a contract (which has been 90% complete) from the following particulars:

	(Rs.)
Total expenditure to date	22,50,000
Estimated further expenditure to complete the contract (including contingencies)	2,50,000
Contract price	32,50,000
Work certified	27,50,000
Work uncertified	1,75,000
Cash received	21,25,000

Cont...

OR

(b) From the following data pertaining to the year 2022-23 PREPARE a cost statement showing the cost of electricity generated per kwh by Chambal Thermal Power Station.

	(Rs.)
Operating labour	15,00,000
Repairs & maintenance	5,00,000
Lubricants, spares and stores	4,00,000
Plant supervision	3,00,000
Administration overheads	20,00,000

5 kWh. of electricity generated per kg. of coal consumed @ Rs. 4.25

per kg. Depreciation charges @ 5% on capital cost of Rs. 2,00,00,000.

Total units generated 10,00,000 kWh

8 (a). NXE Manufacturing Concern furnishes the following information:

Standard:	Material for 70 kg finished products	100 kg
	Price of material	Rs. 1 per kg
Actual:	Output	2,10,000 kg
	Material used	2,80,000 kg
	Cost of Materials	Rs. 2,52,000

CALCULATE: (a) Material usage variance, (b) Material price variance, (c) Material cost variance.

OR

(b). From the following information of G Ltd., calculate (i) Variable Overhead Cost Variance; (ii) Variable Overhead Expenditure Variance and (iii) Variable Overhead Efficiency Variance:

Budgeted Production	6,000 units
Budgeted Variable Overhead	Rs. 1,20,000
Standard time for one Unit of output	2 hours
Actual Production	5,900 units
Actual Overhead Incurred	Rs. 1,22,000
Actual Hours Worked	11,600 hours

9. (a) PQR Ltd. has furnished the following data for the two years:

	2021-22	2022-23
Sales	Rs. 8,00,000	?
Profit/Volume Ratio (P/V ratio)	50%	37.5%
Margin of Safety sales as a % of total sales	40%	21.875%

There has been substantial savings in the fixed cost in the year 2022-23 due to the restructuring process. The company could maintain its sales quantity level of 2021-22 in 2022-23 by reducing selling price.

You are required to CALCULATE the following:

- Sales for 2022-23 in Value,
- Fixed cost for 2022-23 in Value,
- Break-even sales for 2022-23 in Value.

OR

(b). You are given the following data for the current financial year of Rio Co. Ltd:

Variable cost	60,000	60%
Fixed cost	30,000	30%
Net profit	10,000	10%
Sales	1,00,000	100%

Find out (a) Break-even point, (b) P/V ratio, and (c) Margin of safety

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10. (a) Write a note on Zero Base Budgeting

OR

(b) List out the various control ratios with formulae

SECTION -C (30 Marks)

Answer any **Three** questions

ALL questions carry **EQUAL** Marks

(3 x 10 = 30)

11. A Ltd. produces product 'AXE' which passes through two processes before it is completed and transferred to finished stock. The following data relate for the month of October:

	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 Process- II at 25% profit on the transfer price. Output of Process- II is transferred to finished stock at 20% profit on the transfer price. Stock in processes is valued at prime cost. Finished stock is valued 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.

12. AKP Builders Ltd. commenced a contract on April 1, 2019. The total contract was for Rs. 5,00,000. Actual expenditure for the period April 1, 2019 to March 31, 2020 and estimated expenditure for April 1, 2020 to December 31, 2020 are given below:

Particulars	2019-20 (actual)	2020-21 (9 months) (estimated)
Materials issued	90,000	85,750
Wages: Paid	75,000	87,325
Outstanding at the end	6,250	8,300
Plant	25,000	-
Sundry expenses: Paid	7,250	6,875
Prepaid at the end	625	-
Establishment charges	14,625	-

A part of the material was unsuitable and was sold for Rs. 18,125 (cost being Rs. 15,000) and a part of plant was scrapped and disposed-off for Rs. 2,875. The value of plant at site on 31 March, 2020 was Rs. 7,750 and the value of material at site was Rs. 4,250. Cash received on account to date was Rs. 1,75,000, representing 80% of the work certified. The cost of work uncertified was valued at Rs. 27,375.

The contractor estimated further expenditure that would be incurred in completion of the contract:

- The contract would be completed by 31st December, 2020.
- A further sum of Rs. 31,250 would have to be spent on the plant and the residual value of the plant on the completion of the contract would be Rs. 3,750.
- Establishment charges would cost the same amount per month as in the previous year.
- Rs. 10,800 would be sufficient to provide for contingencies. Required:

Prepare a Contract Account for the year ended 31st March, 2020, and Calculate estimated total profit on this contract.

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13. The standard labour employment and the actual labour engaged in a week for a job are as under:

	Skilled workers	Semi-skilled workers	Unskilled workers
Standard no. of workers in the gang	32	12	6
Actual no. of workers employed	28	18	4
Standard wage rate per hour	3	2	1
Actual wage rate per hour	4	3	2

During the 40 hours working week, the gang produced 1,800 standard labour hours of work. Calculate:

- (a) Labour Cost Variance b) Labour Rate Variance
(c) Labour Efficiency Variance d) Labour Mix Variance
(e) Labour Yield Variance

14. The following data given

	Sales	Profit
Year 2021-22	Rs. 1,20,000	8,000
Year 2022-23	Rs. 1,40,000	13,000

Find out –

- (i) P/V ratio,
(ii) B.E. Point,
(iii) Profit when sales are Rs. 1,80,000,
(iv) Sales required to earn a profit of Rs. 12,000,

Margin of safety in year 2022-23.

15. A department of Company X attains sales of Rs. 6,00,000 at 80 per cent of its normal capacity and its expenses are given below

Administration costs:	(Rs.)
Office salaries	90,000
General expenses	2 per cent of sales
Depreciation	7,500
Rates and taxes	8,750
Selling costs:	
Salaries	8 per cent of sales
Travelling expenses	2 per cent of sales
Sales office expenses	1 per cent of sales
General expenses	1 per cent of sales
Distribution costs:	
Wages	15,000
Rent	1 per cent of sales
Other expenses	4 per cent of sales

Prepare flexible administration, selling and distribution costs budget, operating at 90 per cent, 100 per cent and 110 per cent of normal capacity.

Z-Z-Z

END