

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(Fourth Semester)

Branch – COMMERCE (PROFESSIONAL ACCOUNTING)

COST AND MANAGEMENT ACCOUNTING- II

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

1. Process costing is suitable for _____.
(i) Hospital
(ii) Transport firms
(iii) Oil refining firms
(iv) Brick laying firms
2. Abnormal cost is _____.
(i) Uncontrollable
(ii) Fixed
(iii) Controllable
(iv) Variable
3. Works cost is a total of _____.
(i) Indirect material, Indirect labour
(ii) Direct material, direct labour, direct or chargeable expenses and works expenses
(iii) Direct material, direct labour
(iv) Indirect material, Indirect labour, Indirect expenses
4. If the amount of work certified is less than _____ of the contract price, then no profit should be taken to Profit & Loss Account.
(i) 33 1/3%
(ii) 25%
(iii) 40%
(iv) 20%
5. Usually standards are set up on the basis of _____.
(i) Attainable high performance
(ii) Past performance
(iii) Ideal performance
(iv) Normal performance
6. Standard costing is _____.
(i) Method of costing
(ii) Technique for cost reduction
(iii) Cost control technique
(iv) Method of ratio
7. Contribution is _____.
(i) Excess of sales over total cost
(ii) Excess of sales over Fixed cost
(iii) Excess of cost of sales over sales
(iv) Excess of sales over variable cost
8. Margin of safety _____.
(i) Sales in excess of BEP
(ii) Sales at which there is profit
(iii) Sales at which there is low
(iv) None of the above
9. A Master budget is _____.
(i) Budget for assets and liabilities
(ii) Budget of profit or loss
(iii) Budget for managerial remuneration
(iv) Budget for operation of the entire organisation
10. Budgeting is _____.
(i) A Technique
(ii) A method of costing
(iii) Maintaining ledger accounts
(iv) An expenditure

SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 7 = 35)

11. a) From the following information given to you .Prepare process B account.2000 units are transferred to process B@ Rs.400 per unit. Other cost details relating to this process are as follows:
Material Rs.4,000
Labour Rs.1,000
Proportionate share of overhead for the process Rs.700
The normal loss has been estimated @ 10% of the process inputs. Units representing normal loss can be sold at Rs1.00 per unit. Actual production in the process is 1700 units. Output of the process B is transferred to Finished Stock Account.

(OR)

Cont...

b) The following data have been extracted from the books of MS East India Coke Co

Joint products	Yield in lbs	% to total	Apportioned cost			Total
			Coal	Labour	Overhead	
Yield in lbs of recovered products per tone of coal	665	57	19	19	190	950

The price of coal is Rs.100 per tone. Direct labour and overhead cost to split off point are Rs.200 and Rs.300 respectively per tone of coal. Calculate the cost of each product.

12. a) Explain in detail about certified and uncertified work.

(OR)

b) The following sums have been spent on a contract still unfinished on 31.12.2019. Materials Rs.1,20,000 Direct expenses Rs.8,600 Wages Rs.1,64,000 Plant Rs.20,000 Rs.2,40,000 have been received from contractee being 80% of the work certified. The value of materials on hand Rs.10,000. Find out the profit to be credited to profit and loss account after 10% depreciation on plant. The contract price is as Rs.5 lakhs.

13. a) Product X requires 20 kgs of material at Rs.4 per kg. The actual consumption of material for the manufacturing of product X came to 24 Kgs of material at 4-50 per kg. Calculate (i) Material Cost Variance (ii) Material Price Variance (iii) Material Usage Variance

(OR)

- b) Budgeted hours for March 2020, 180 hours
Standard rate of article produced per hour 50 units.
Budgeted fixed overheads Rs.2,700
Actual production March 2020, 9,200 units
Actual hours for production 175 hours
Actual fixed overheads Rs.2,800

Calculate Overhead cost variance, Overhead budget variance, Overhead Volume Variance, Overhead Efficiency Variance and Overhead capacity variance.

14. a) Calculate Break even point from the following :
Sales 1,000 units at Rs.10 each Rs.10,000.
Variable cost – Rs.6 per unit
Fixed cost – Rs.8,000

(OR)

b) The following particulars are obtained from the records of a company manufacturing two products P and R.

	Per Unit	
	Product P	Product R
Selling price	200	400
Material cost(Rs.20 per kg)	40	100
Direct wages(Rs.6 per hour)	60	120
Variable overhead	20	40
Total fixed overhead is Rs.10,000		

Comment on profitability of each product when production capacity in hours is the limiting factor.

15. a) You are required to prepare a [production budget for the half year ending June 2020 from the following information:

Product	Budgeted sales quantity	Actual Stock on 31/12/2019	Desired stock on 30/06/2020
	units	units	units
S	20,000	4,000	5,000
T	50,000	6,000	10,000

(OR)

- b) Explain the process of Zero Base Budgeting.

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks

(3 x 10 = 30)

16. Process B is obtained after it passes through distinct processes. The following information is obtained from the account for the week ending May 30, 2020.

	Total	Process		
		I	II	III
Direct material	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overhead	9,000	-	-	-

1,000 units at Rs.3 each were introduced to Process I. There was no stock of material or work-in-progress at the beginning or end of the period. The output of each process passes direct to the next process and finally to finished stores. Production overhead is recovered on 100% of direct wages. The following additional data are obtained.

Process	Output during the week	% of normal loss to input	Value of scrap per unit (Rs)
I	950	5%	2
II	840	10%	4
III	750	15%	5

Prepare process cost account abnormal loss or gain account.

17. The following statistical data are available regarding the monthly cost of operating two trucks by a transport company:

	Truck No.01	Truck No.02
Driver's salaries	250	275
Cleaner's wages	150	160
Petrol	300	350
Mobile oil	25	30
Garage rent	125	125
Taxes and insurance	50	50
Depreciation	560	620
Expenses of Supervision	100	100
Repairs	120	140
Miscellaneous overhead	40	40

The two trucks carried 150 tonnes of goods each during the month of November 2019. The distance covered were 3,500 km respectively. You are required to prepare an operating cost sheet for November 2019 from the above data

18. The following data is gathered from the records of Samuel & Co. for the month of January 2020: Standards for labour:

Rate	: Rs.50 per labour hour
Hours set per unit	: 10 hours
Actual data for the month:	
Units produced	:1000
Hours worked	:12,000
Actual labour cost	: Rs.7,20,000

You are required to calculate labour variances.

19. From the following given below calculate :
- Break even point
 - Profit or loss when sales are Rs.12,000 and
 - Sales required to earn a profit of Rs.5,000

	Sales Rs.	Profit/Loss(-) Rs.
Period 1	10,000	-500
Period 2	14,000	1,500

20. Draw a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit
Materials	100
Labour	50
Variable expenses(direct)	10
Administrative expenses(50% fixed)	40,000
Selling and distribution expenses(60% fixed)	50,000
Present production(50% activity)	1,000 units