23PAU414/ 18PAU16

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024
(Fourth Semester)

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

COST & 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 In process costing, if an abnormal loss arises, the process account is generally
i) Debited with the scrap value of the abnormal loss units
ii) Debited with the full production cost of the abnormal loss units
iii) Credited with the scrap value of the abnormal loss units
iv) Credited with the full production cost of the abnormal loss units

2 The sum of value of work certified and uncertified appearing in the Contract Account is called
i) Work done.　　ii) Work in Process
iii) Work Completed　　iv) Work in Progress

3 Standard costing is well recognized as which tool in the manufacturing industry?
i) A cost-control tool
ii) A price-determinant tool
iii) Manufacturing overhead calculation tool
iv) None of the above

4 The P/v ratio of a company is 50% and margin of safety is 40%. If present sales are Rs. 30, 00,000 then Break Even Point in Rs. will be
i) Rs. 9, 00,000　　ii) Rs. 18, 00,000
iii) Rs. 5, 00,000　　iv) None of the above

5 A budget is tool which helps the management in planning and control of ?
i) All business activities　　ii) Production activities
iii) Purchase activities　　iv) Sales activities

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

6 a What is Process Costing?

OR

b The following information is extracted from the job ledger, in respect of Job 707.

Materials　　Rs. 3,400

Wages:
Dept. A – 80 hours at Rs. 2.50 per hour
Dept. B – 60 hours at Rs. 4 per hour

Variable overheads:
Dept. A – Rs. 5,000 for 4,000 direct hours
Dept. B – Rs. 6,000 for 3,000 direct hours

Fixed overheads:
Rs. 7,500 for 10,000 hours of normal working time of the factory.

Calculate the cost of Job No. 707 and estimate the percentage of profit if the Price quoted is Rs. 4,750.

7 a The following were the expenditures on a contract for Rs.6, 00,000 commenced in February 2023
Materials – Rs.1, 20,000; Wages – Rs.1, 64,400; Plant – Rs.20, 000;
Business charges – Rs.8, 600.
Cash received on account up to 31st Dec.2023 amounted to Rs.2, 40,000 being 80% of work certified. The value of materials on hand at 31-12-2023 was Rs.10, 000. Prepare contract account for 2023 showing the profit to be credited to the year's profit and loss account. Plant is to be depreciated at 10%.

Cont...

OR

b Distinguish between Job Costing and Contract Costing.

8 a Calculate material price variance:

Standard:	2,740 units at Rs. 15 each
Actual:	3,000 units at Rs. 17 each

OR

b A manufacturing concern which has adopted standard costing furnishes the following information:

Standard:

Materials for 70 kg. of finished product	100 kg
Price of materials	
Re. 1 per kg.	
Actual:	
Output	2, 10,000 kg
Materials used	2, 80,000 kg
Cost of materials	Rs. 2, 52,000

Calculate: (a) Materials Usage Variance (b) Material Price Variance (c) Material Cost Variance.

9 a You are given the following data for the year 2007 of a concern:

	Rs.
Variable Cost	6, 00,000
Fixed Cost	3, 00,000
Net Profit	1, 00,000
Sales	10, 00,000

Find (a) P.V.Ratio (b) B.E.P. (c) Profit when sales is Rs.12,00,000 and (d) Sales in Rupees to earn a profit of Rs.2, 00,000.

OR

b Profit Rs. 200
Sales Rs. 2,000
Variable Cost - 75% of sales
Find out (i) BEP (ii) What would be the sales volume to earn a profit of Rs. 500.

10 a Prepare production budget for the month of January.
Estimated stock on 1st January = 1,600 units
Estimated stock on 31st January = 2,000 units
Budgeted sales for the month = 12,000 units

OR

b For the production of 10,000 automatic electrical goods the following are budgeted expenses.

	Per unit Rs.
Direct material	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs. 1, 50,000)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	5
Administration expenses (Rs. 50,000 fixed)	5
Distribution expenses (20% fixed)	5
Total cost	150

Prepare a budget for the production of 6,000 electrical goods.

SECTION -C (30 Marks)

Answer **ANY THREE** questions
ALL questions carry **EQUAL** Marks (3x10 = 30)

11 Product A is obtained after it passes through three distinct processes. Prepare process accounts from the following.

	Total Rs.	Process I Rs.	Process II Rs.	Process III Rs.
Materials	15,084	5,200	3,960	5,924
Labour	18,000	4,000	6,000	8,000
Production overheads	18,000	-	-	-

1,000 units of materials at the rate of Rs. 6 per unit were introduced in Process I. Production overhead is to be distributed at 100% on labour.

Processes (Rs.)	Total output Units	Normal loss	Value of scrap per unit
I	950	5%	4
II	840	10%	8
III	750	15%	10

12 Mr. Veerappan started a work on a contract for Rs. 5, 00,000 on 1.1.2003. The following information relating to contract is available.

Materials issued	Rs. 1, 60,000
Wages paid	Rs. 1, 01,200
Wages outstanding on 31.3.2003	Rs. 37,520
New machine purchased and sent to site	Rs. 1, 48,000
Direct charges paid	Rs. 7,500
Direct charges outstanding on 31.3.2003	Rs. 600
Establishment charges apportioned to contract	Rs. 6,400

On 31.3.2003, materials lying unused at site were valued at Rs. 21,620. Machines are to be depreciated at 20% p.a. Value of work certified by 31.3.2003 was Rs. 3, 50,000 while the cost of work done but not yet certified as on that date was Rs. 18,000. Mr. Veerappan had received a total sum of Rs. 2, 80,000 from the contractee till 31.3.2003. Prepare contract account.

13 S.V. Ltd. manufactures a simple product, the standard mix of which is:

Material A 60% at Rs. 20 per kg
Material B 40% at Rs. 10 per kg

Normal loss in production is 20% of input. Due to shortage of Material A, the standard mix was changed. Actual results for March, 2002 were:

Material A	105 kgs. at Rs. 20 per kg
Material B	95 kgs. at Rs. 10 per kg
Input	200 kgs.
Less: Loss	35 kgs.
Output	165 kgs.

Calculate (i) Material Cost Variance
(ii) Material Price Variance
(iii) Material Usage Variance
(iv) Material Mix Variance
(v) Material Yield Variance.

14 The following information relates to a company for two years:

	2006 Rs.	**2007** Rs.
Sales	38,000	65,000
Profit	-	3,000
Loss	2,400	-

Calculate: (a) P/V Ratio
(b) Fixed cost
(c) BEP Sales
(d) Sales required to earn a profit of Rs.5, 000.

15 Enumerate the Functions of Budgetary Control.

Z-Z-Z END