

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2023
(Third Semester)

Branch - COMMERCE WITH COST AND MANAGEMENT ACCOUNTING
ADVANCE COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- Identify increase in total variable cost is due to
 - Increase in fixed cost
 - increase in Sales
 - Increase in production
 - none of these
- Mention in Contract costing, Contract a/c is prepared by the
 - Contractee
 - Contractor
 - Both a and b
 - None of the above
- Indicate the Tamil Nadu Transport Corporation comes under
 - Job Costing
 - Contract Costing
 - Process costing
 - Operating costing
- State large Margin of safety indicates
 - Over production
 - Over capitalization
 - The soundness of Business
 - None of these
- Which budget that is prepared first of all is:
 - Cash budget
 - Master budget
 - Budget for key factor
 - Flexible budget

SECTION – B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- (a) Compare Job Costing with Contract Costing.
OR
(b) Describe the advantages of process costing?
- (a) Contractors Ltd., undertook a special contract for a total value of Rs. 12 lakhs. It was expected that the contract would be completed by 31st March 2004. You are required to calculate a contract account for the year ending 31.12.2004 from the following:

	Rs.
Wages	3,00,000
Materials sent to site	1,50,000
Materials lying at site on 31.12.2004	20,000
Special plant	1,00,000
Overheads	60,000
Work certified	8,00,000

Depreciation at 10% to be provided on plant. Cash received is 80% of work certified. 5% of the value of materials used and 6% of wages may be taken to have been incurred for the portion of work completed but not yet certified. Overheads are charged as a percentage of direct wages.

OR

- (b) Print well Ltd. took up two jobs during first week of April 2023. The following details are available:

	Job 101	Job 102
	Rs	Rs
Materials supplied	6,000	3,000
Wages paid	1,350	900
Chargeable expenses	300	150
Materials transfer from job 102 to 101	300	300
Material returned to stores	-	150

Prepare the cost for each job and profit or loss if any, assuming that job 102 is completed and invoiced to the customer at Rs.5000.

Cont...

8. (a) Siva 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 2022.

	Rs
Wages of Driver, Conductors, etc	3,600
Salary 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 tripe per day.

Calculate the cost per passenger kilometer.

OR

- (b) 50 units are introduced into a process at a cost of Rs.50. The total additional expenditure incurred by the process is Rs.32. Of the units introduced 10% are normally spoiled in the course of manufacture. They possess scrap value of Rs.0.20 each. Owing to an accident only 40 units are produced.

Prepare the process accounts.

9. (a) From the following particular find out the selling price per unit if BEP is to be brought down to 4,000 units

Variable cost per unit	Rs.60
Fixed expenses	Rs.2,00,000
Selling price per unit	Rs.100

OR

- (b) Find out different labour variances from the following particulars

Standard:

Output	1,000 units
Rate of payment	Rs.6 per unit
Time taken	50 hours

Actual:

Output	1,200 units
Wages paid with bonus	Rs.8,000
Time taken	40 hours

- 10 (a) From the following figures, prepare raw material purchase budget

	Material (units)			
	A	B	C	D
Estimated opening stock	8,000	3,000	12,000	1,000
Estimated closing stock	10,000	4,000	14,000	2,000
Estimated consumption	60,000	22,000	66,000	18,000
Standard price per unit (Rs)	0.25	0.05	0.15	0.10

OR

- (b) The cost of an article at a capacity level of 5,000 units is given below:

	Rs	
Material cost	50,000	(100% Variable)
Labour cost	30,000	(100% Variable)
Power	2,500	(80% Variable)
Repairs	4,000	(75% Variable)
Stores	2,000	(100% Variable)
Inspection	1,000	(20% Variable)
Depreciation	20,000	(100% Variable)
Administration overhead	10,000	(25% Variable)
Selling overhead	6,000	(25% Variable)

Calculate the unit cost of the product at production level of 4,000 units and 6,000 units.

SECTION -C (30 Marks)Answer any **Three** questions**ALL** questions carry **EQUAL** Marks

(3 x 10 = 30)

11. Explain the different methods of costing.
12. M/s. Kishore and Company commenced work on a particular contract on 1st April 1990. They close their books of account for the year on 31st December each year. The following information is available from their closing records on 31.12.1990:

	Rs.
Materials sent to site	50,000
Foreman's salary	12,000
Wages Paid	1,00,000

A machine costing Rs.32,000 remained in use on site for 1/5th of year. Its working life was estimated at 5 Year and scrap value at Rs.2,000. A Supervisor is paid Rs.2,000 per month and had devoted one half of his time on the contract.

All other expenses were Rs.15,000. The material on site was Rs.9,000. The contract price was Rs.4,00,000. On 31st December, 2/3rd of the contract was completed. However, the architect gave certificate only for Rs.2,00,000 on which 75% was paid.

Prepare the contract account in the company's books.

13. A particular brand of scent passed through three important process. During the week ended 15th January 2007, 600 bottles were produced. The cost of books show the following information:

	Process A	Process B	Process C
	Rs	Rs	Rs
Material	4,000	2,000	1,500
Labour	3,000	2,500	2,300
Direct expenses	600	200	500
Cost of bottles	-	2,030	-
Cost of corks	-	--	325

The indirect expenses for the period were Rs. 1,600 (indirect expenses are charged on the labour basis)

The by-product were sold for Rs. 240 (Process B)

The residue was sold for Rs.125 (Process C)

Prepare the account in respect of each of the process, showing its cost and cost of production of finished product per bottle.

14. From the following information compute material variance.

	Std Qty	Std Price	Actual Qty	Actual Price
	Kg	Rs	kg	Rs
Material A	20	5	24	4
Material B	16	4	14	4.5
Material C	12	3	10	3.25

- (i) Material cost variance
(ii) Material price variance
(iii) Material usage variance
(iv) Material mix variance

15. Prepare a cash budget for the month of May, June and July 2021 on the basics of the following Information:

Income and Expenditure forecasts:

Month 2021	Credit sales	Credit Purchases	Wages	Manufacturing expenses	Office expenses	Selling expenses
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,000

- (b) Cash balance on 1st May 2021 Rs.8,000
(c) Plant costing Rs.16,000 is due for delivery in July: Payable 10% on delivery and the balance after 3 Months.
(d) Period of credit allowed : by suppliers – two months and to customers – one month
(e) Advance tax of Rs.8,000 each is payable in March and June
(f) Lag in payment of manufacturing expenses - ½ month
(g) Lag of payments of office and selling expenses – 1 month

Z-Z-Z END