

**MELVISHARAM - 632 509.**  
**SEMESTER EXAMINATIONS, NOVEMBER - 2018**

**SEMESTER III**

**P15MCM303 / P14MCM303 – ADVANCED COST ACCOUNTING**

Maximum: 75 Marks

SECTION - A (5 X 6 = 30 Marks)

**Answer ALL Questions.**

1. a) Define Cost Accounting. What are its objectives?
- (Or)
- b) During the year 2017, X, Ltd., produced 50,000 units of a product. The following were the expenses:

	Rs.
Stock of raw material on 1.1.2017	10,000
Stock of raw material on 31.12.2017	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a Cost sheet showing cost per unit and total cost at each stage.

2. a) Opening stock 20,000, Direct material 40,000, Direct expenses 30,000, closing stock 10,000, production over head 28,000. Profit  $33\frac{1}{3}\%$  on cost,

Calculate the sales, prime cost and total cost.

(Or)

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- b) From the following information, you are required to prepare process account:

Rs.	
Material consumed	12,000
Direct labour	14,000
Manufacturing expenses	4,000
Input in Process A (10,000 units)	10,000
Output (9,400 units)	

Value of normal wastage Rs.8 per 100 units.

3. a) How much profit, if any you would allow to be considered in the following case? Contract cost Rs.2,80,000, contract value Rs.5,00,000, cash received Rs.2,70,000 uncertified work Rs.30,000. Deductions from bills by way of security deposit is 10%.

(Or)

- b) From the following prepare contract account.
- Material issued 1,20,000, work certified 2,35,000, work un certified 2,800 plant at site 11,200 materials at site 2,000, wages 1,10,000, Direct Expenses 5,000, indirect expenses 2,000, plant purchase value 14,000.

4. a) Materials price variance 10560 (F), materials usage variance 13824 (U), labor rate variance 4704 (U), labour efficiency variance 8640 (F), variable overhead spending variance 4704 (U), variable overhead efficiency variance 3456 (F). Calculate material cost variance.

(Or)

- b) Differentiate between cost accounting and financial accounting

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5. a) The cost accounts department of a company has supplied the following data for the supply of 2,000 units of product.

Direct material	: 40,000 tons at Rs. 5 per ton.
Direct wages	: 8,000 labour hours at Rs. 50 per hour
Overheads:	
Variable	: Factory Rs.10 per labour hour
Fixed	: Selling Rs. 20 per unit
	: Factory Rs. 1,00,000
	Office Rs. 2,00,000

Prepare a statement showing the price to be fixed which will fetch a profit of 25% on cost.

(Or)

- b) Explain cost control and cost reduction.

#### SECTION - B (3 X 15=45 Marks)

#### Answer ANY THREE Questions

6. Explain the advantages and disadvantages of cost accounting.
7. Explain a) Cost centre b) Profit centre c) Tender d) Quotations.
8. The following is the information relating to Contract No. 101.

	Rs.
Contract Price	6,00,000
Wages	1,64,000
General expenses	8,600
Raw Material	1,20,000
Plant	20,000

As on date, cash received was Rs.2,40,000, being 80% of work certified. The value of materials remaining at site was Rs.10,000. Depreciate plant by 10%.

Prepare contract Account showing profit to be credited to Profit and Loss Account.

9. Direct materials: standard 4.0kg at 7.20 per kg. Actual 4.4 kg at 6.70 per kg. Direct labor: standard 1.6 hours at 9.00 per hour, actual 1.4 hours at 9.70 per hour, variable manufacturing overhead: standard 1.6 hours at 3.60 per hour, actual 1.4 hours at 4.30 per hour. Show the standard cost and actual cost and calculate the total cost per unit.

10. 100 units are introduced into process I at a cost of Rs.9,600 and an expenditure of Rs.4,800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs.10 per unit. The actual output of process I is 90 units, transferred to process II. Prepare process I account, abnormal gain account and normal loss account.

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