(NO. OF PAGES: 7)

(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2022-2024 ONLY)

SUBJECT CODE 22 PCO 309

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2023

M.Com. **MAXIMUM MARKS: 50**

III SEMESTER **TIME : 3 HOURS**

APPLIED COST ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS. (K1)

1. Basic objective of cost accounting is_____
   a) Tax compliance. b) Financial audit. c) Cost ascertainment. d) Profit analysis
2. Operating costing is suitable for _____.
   a) Job order business b) Contractors c) Sugar industries d) Service industries
3. Labour turnover denotes_____
   a) Productivity of labour b) Efficiency of the labour
   c) Change in labour force d) Total cost of the labour
4. Imputed cost is a_____
   a) National cost b) Real cost c) Normal cost d) Variable cost
5. Operating cost is usually ascertained through ..... .
   a) A ledger account b) Profit and loss a/c c) Balance sheet d) A statement

ANSWER THE FOLLOWING ONE OR TWO SENTENCES. K2

6. Define costing.
7. State the meaning of EOQ
8. What is 'Overhead cost'?
9. Define process costing.
10. What are the two purposes of standard costing?

SECTION – B (5 X 3 = 15 MARKS)

ANSWER EITHER (A) OR (B) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) Differentiate between cost accounting and financial accounting

(OR)

(CONTD …. 2)

b) The following information has been obtained from the records of RamCorporation for the period from January 1 to June 30, 2008:

	2008 On January 1 Rs.	2008 On June 30 Rs.
Cost of raw materials	30,000	25,000
Cost of work –in- progress	12,000	15,000
Cost of stock of finished goods	60,000	55,000

Transactions during six months are:

Purchases of raw materials	4,50,000	Administration overheads	30,000
Wages Paid	2,30,000	Selling and Distribution overheads	20,000
Factory overheads	92,000	Sales	9,00,000

Prepare Cost Sheet Showing: (a) Materials Consumed (b) Prime cost (c) Factory cost incurred and factory cost;

12. a) Find out the Economic Ordering Quantity (EOQ) of the following particulars and also show a graph identifying economic ordering quantity.

Annual usage: 6,000 units

Cost of material per unit: Rs.20

Cost of placing and receiving one order: Rs.60

Annual carrying cost of one unit: 10 % of inventory value.

(OR)

b) State the objectives of material control

13. a) The capacity usage ratio and the capacity utilization ratio in respect of a machine for a particular month in 80% and 90% respectively. The available working hours in a month are 200 hours.

The breakup of idle time is as follows:

Waiting for a job: 5 Hrs

Breakdown: 4 Hrs

Waiting for tools: 3 Hrs

Calculate the idle cost and present the same in a tabular form when the hourly fixed cost of running the machine is Rs.8

(CONTD ….3)

(OR)

b) From the following data calculate total monthly remuneration of 3 Workers X, Y, Z;

(i) Standard production per month per worker is 1,000 units.

(ii) Actual Production during a month:

x- 800 units; Y-700 units; Z- 900 units

(iii) Piece- work rate per unit of actual production 15 Paise.

(iv) D.A Rs.40 per month (fixed)

(v) House rent allowance: Rs.20 per month (fixed)

(vi) Additional production bonus at the rate of Rs. 5 for each percentage of actual production exceeding 75% actual production over standard.

14. a) In process A 100 units of raw materials were introduced at a cost of Rs. 1,000. The other expenditure incurred by the process was Rs.602. Of the units introduced 10% are normally lost in the course of manufacture and they possess a scrap value of Rs.3 each. The output of Process A was only 75 units. Prepare Process A Account and abnormal loss account.

(OR)

b) Describe the principles and features of Process Costing.

15. a) The standard material required manufacturing one unit of product X is 10 Kg and the standard price per kg of material is Rs.2.50. The cost accounts records, however, reveal that 11,500 Kg. of materials costing Rs.27, 600 were used for manufacturing 1,000 units of product X. Calculate the material variances.

(OR)

b) LNM company manufactures a product ABC by mixing three raw materials. For every 100 kgs of ABC 125 Kgs raw materials are used. In April 2001, there was an output of 5,600 Kgs of ABC. The standard and actual particulars of April 2010 are as follows:

Raw material	Stanadard		Actual	
	Mix %	Price per Kg	Mix %	Price per Kg
I	50	40	60	42
II	30	20	20	16
III	20	10	20	12

Calculate the Variances.

(CONTD …. 4)

SECTION – C (5X5=25 MARKS)

ANSWER EITHER (A) OR (B) IN EACH OF THE FOLLOWING QUESTIONS.(K4 (Or) K5)

16. a) The New manufacturing company submits the following information on 31st March ,2010

	Rs.	Rs.
Sales of the year		2,75,000
Inventories at the beginning of the year:		
Finished goods	7,000	
Work-in progress	4,000	
Purchase of the materials for the year		1,10,000
Materials Inventory:		
At the beginning of the year	3,000	
At the end of the year	4,000	
Direct Labour		65,000
Factory overhead @ 60% of the direct labour cost		
Inventories at the end of the year:		
Work-in-process	6,000	
Finished goods	8,000	
Other expenses for the year:		
Selling expenses 10 % of sales		
Administration expenses 5% of sales		

Prepare a statement of cost and profit.

(OR)

b) Explain the importance and limitations of Cost Accounting.

17. a) The Complete gardener is deciding on the economic order quantity for two brands of lawn fertilizer: Super Grow and Nature's Own. The following information is collected:

	Fertilizer	
	Super Grow	Nature's Own
Annual demand	2,000 bags	1,280 Bags
Relevant ordering cost per purchase order	Rs.1,200	Rs.1,400
Annual relevant carrying cost per bag	Rs.480	Rs.560

(CONTD ….5)

Compute:

1) compute EOQ for super grow and nature's own
2) for the EOQ, what is the sum of the total annual relevant ordering costs and total annual relevant carrying cost for super grow and nature's own?
3) For the EOQ, compute the number of deliveries per year for super Grow and Nature's own.

(OR)

b) Discuss about the method of inventory control

18. a) Form the following details, ascertain the amount of cash required for payment of salary in a firm for the month of April:

i) Normal time salaries Rs.75,000

ii) Dearness allowance 15%

iii) Leave salary 6 %

iv)Employee's contribution to E.S.I and P.F 3 % and 5 % respectively

v)Income tax deducted at source Rs.4,500

vi) Deduction for insurance premium Rs.5,750

vii) Festival advance to be recovered from 50 employees at Rs. 125 per employees

viii) Employer also contributes an equal amount towards ESI and PF

(OR)

b) The factory overhead costs of four production departments of a company engaged in executing job orders for an accounting year are as follows:

	RS.
A	19,300
B	4,200
C	4,000
D	2,000

Overheads have been applied as under:

Dept.A Rs.1.50 per machine hour for 14,000 hours

Dept.B Rs.1.30 per direct labour hour for 3,000 hours

Dept.C 80% of direct labour cost ofRs.6,000

Dept.D Rs.2 per piece, for 950 pieces

Find out the amount of department wise under or over-absorbed overheads.

(CONTD …. 6)

19. a) A factory has three departments (P1, P2 and P3) and two service departments (S1 and S2). Budgeted overheads for the next year have been allocated/ apportioned by the cost department among the five departments. The secondary distribution of service department overheads is pending and the following details are given to you. Calculate department overhead rates.

Department	Overheads apportioned	Estimated level of activity
P1	Rs. 48,000	5,000 labour hours
P2	Rs.1,12,000	12,000 machine hours
P3	Rs. 52,000	6,000 labour hours
S1	Rs.16,000	P1(20%),P2(40%),P3(20%),S2(20%)
S2	Rs.24,000	P1(10%),P2(60%),P3(20%), S1(10%)

(OR)

b) Prepare a Process Account, Abnormal Loss Account and Normal Loss Account from the following information

Input of Raw material	1000 units @ Rs. 20 perunit
Direct Material	Rs. 4,200
Direct Wages	Rs.6000
Production Overheads	Rs.6000
Actual output transferred to process II	900 units
Normal Loss	5%
Value of Scrap per unit	Rs.8/-

20. a) During Jan 2,020 units were introduced into Process I. The normal loss was estimated at 5% on input. At the end of the month, 1,400 units had been produced and transferred to the next process, 460 units were uncompleted and 140 units had been scrapped. It was estimated that uncompleted units had reached a stage in production as follows:

Material	75%	Completed
Labour	50%	Completed
overheads	50%	Completed

(CONTD …. 7)

The cost of 2,000 units was Rs.5, 800

Direct material introduced during the process amounted to Rs.1, 440

Direct wages amounted to Rs.3, 340

Production overheads incurred were Rs.1, 670.

Unit scrapped realized Re.1 each

Unit scrapped passed through the process, so were 100% completed as regards material, labour and overhead.

Find out: a) Equivalent Production

b) Cost per unit

c) Show the necessary accounts.

(OR)

b) The standard mix to produce one unit of product is as follows:

Material A 60 units @ Rs. 15 per unit = Rs. 900

Material B 80 units @ Rs. 20 per unit = Rs.1,600

Material C 100 units @ Rs. 25 per unit = Rs.2,500

240 units Rs. 5,000

During the month of April, 10 units were actually produced and consumption was as follows:

MaterialA	640units@Rs.17.50perunit	Rs.11,200
MaterialB	950units@Rs.18.00perunit\	Rs.17,100
MaterialC	870units@Rs.27.50perunit	Rs.23,925
	2,460units	Rs.52,225

Calculate the material variance