

(FOR THE CANDIDATES ADMITTED

21PCC309

DURING THE ACADEMIC YEAR 2021 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER-2022

COURSE NAME: M.Com C.A.

MAXIMUM MARKS: 70

SEMESTER: III

TIME : 3 HOURS

APPLIED COST ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. The basic objective of cost accounting is _____.
a) Tax Compliance b) Financial Audit c) Cost Ascertainment d) None of these
2. Material control involves _____.
a) Consumption of Materials b) Issue of Material
c) Purchase, storage and issue of materials d) Purchase of materials
3. Charging output with overhead at some reasonable rate is called _____.
a) Allocation b) Absorption c) Apportionment d) None of these
4. Standard cost is recognized as which tool in the manufacturing industry _____.
a) A Cost-control tool b) A price determinant tool
c) Manufacturing overhead calculation tool d) None of the above
5. Contract account of an incomplete contract reveals _____.
a) Gross Profit b) Net Profit c) Operating profit d) Notional Profit

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. Define Cost Accounting.
7. What is Bin card?
8. What is meant by overhead?
9. Define Standard Costing.
10. Give the meaning of work certified.

SECTION – B

(5 X 4 = 20 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) Briefly explain the various elements of cost.

(OR)

- b) From the following particulars, Prepare Cost Sheet

	Rs.
Materials consumed	6,000
Wages paid	9,000
Works on cost 50% on wages	
Office on cost 20% on works cost	
Selling on cost 10% on works cost	
Profit 20% on cost	

- 12.a) Find out Economic Order Quantity from the following particulars:

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.

(CONTD.....2)

(OR)

- b) The following information is extracted from the records of a company for the month of October 2018:

No. of employees at the beginning of the month	- 950
No. of employees at the end of the month	- 1050
No. of employees resigned	- 10
No. of employees discharged	- 30
No. of employees replaced in the vacancies	- 20
No. of employees appointed due to expansion scheme	- 120
Calculate Labour Turnover rate.	

- 13.a) Calculate the overhead allocable to production departments A and B from the following
There are two service departments X and Y. X renders service to A and B in the ratio of 9:1.
Overheads as per primary overhead distribution is:
A – Rs.49,800; B – Rs. 29,600; X – Rs.15,600; Y – Rs. 10,800

(OR)

- b) Sai industries Ltd., has four departments A, B, C are production departments and D is the service department. The actual expenses for a month were as follows:

	Rs.
Rent	6,000
Repairs to plant	3,600
Depreciation	2,700
Lighting charges	600
Supervision	9,000
Insurance of Stock	3,000
Power	5,400
Employees' insurance – Employers' liability	900

The following information is also available

	Dept. A	Dept. A	Dept. C	Dept. D
Area in Sq.ft.	300	220	180	100
No. of workers	48	32	24	16
Total wages	Rs.8,000	Rs.6,000	Rs.4,000	Rs.2,000
Value of Plant (Rs.)	24,000	18,000	12,000	6,000
Value of Stock (Rs.)	15,000	9,000	6,000	-

Apportion the costs to four departments on the most equitable method.

- 14.a) Product X requires 20kgs. 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 Rs.4.50 per kg. Calculate
(i) Material Cost Variance (ii) Material Price Variance and (iii) Material Usage Variance

(OR)

- b) The standard time and rate for unit component are given below:

Standard hours – 20

Standard rate Rs.5 per hour

Actual data and related information are as under:

Actual production 1,000 units: Actual hours 20,500 hours

Actual rate per hour = Rs.4.80

Calculate (i) Labour Cost Variance (ii) Labour Efficiency Variance and
(iii) Labour Rate Variance

15. a) The following is the information relating to Contract No.123

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

(CONTD....3)

(3)

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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 P & L A/c.

(OR)

b) State the reasons for difference in results as shown by cost accounts and financial accounts.

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS)

(FROM Qn. No : 17 to 21)

(K4 (Or) K5)

16. On August 15, 2021 a manufacturer Nimalan desired to quote for a contract for the supply of 500 radio sets. From the following details prepare a statement showing the price to be quoted to give the same percentage of net profit on turnover as was realized during 6 months ending on 30th June 2021:

	Rs.
Stock of material as on 1 st January 2021	20,000
Stock of material as on 30 th June 2021	25,000
Purchase of materials during 6 months	1,50,000
Factory wages during 6 months	1,20,000
Indirect wages during 6 months	25,000
Opening stock of completed sets	Nil
Closing stock of completed sets	100
Sales during 6 months	3,24,000

The number of radio sets manufactured during these six months was 1450 sets including those sold and those stocked at the end of the period. The radios to be quoted are of uniform quality and size as were manufactured during the six months to 30th June 2021.

As from August 1, the cost of factory labour has gone up by 10%

17. Draw a stores ledger card recording the following transactions under LIFO method

2020

July

- 1 Opening stock 2,000 units @ Rs.10 each
- 5 Received 1,000 units @ Rs.11 each
- 6 Issued 500 units
- 10 Received 5,000 units @ Rs.12 each
- 12 Received back 50 units out of the issue made on 6th July
- 14 Issued 600 units
- 18 Returned to supplier 100 units out of goods received on 5th July
- 19 Received back 100 units out of the issue made on 14th July
- 20 Issued 150 units
- 25 Received 500 units @ Rs.14 each
- 28 Issued 300 units

The stock verification report reveals that there was a shortage of 10 units on 18th July and another shortage of 15 units on 26th July.

18. A company has three production departments and two service departments their respective expenditures are given below:

Production Departments	Service Departments
A – Rs. 800	X – Rs.234
B – Rs. 700	Y – Rs.300
C – Rs. 500	

Service departments give service in the following manner to various departments

Service Departments	A	B	C	X	Y
X	20%	40%	30%	-	10%
Y	40%	20%	20%	20%	-

You are required to show the distribution of service department overheads under simultaneous equation

(CONTD....4)

19. Joy Ltd. furnishes the following information relating to budgeted sales and actual sales for August 2020.

Product	Budget		Actual	
	Sales units	Price Rs.	Sales units	Price Rs.
A	1200	15	880	18
B	800	20	880	20
C	2000	40	2640	38

Calculate Sales variances.

20. M/s. Arun and Varun undertook a contract for Rs.2,50,000 for constructing a college building. The following is the information concerning the contract during the year 2017.

	Rs.
Materials sent to site	85,349
Labour engaged on site	74,375
Plant installed at site at cost	15,000
Direct expenditure	3,167
Establishment charges	4,126
Materials returned to stores	549
Work certified	1,95,000
Value of plant as on 31 st Dec. 2017	11,000
Cost of work not yet certified	4,500
Materials at site 31 st Dec. 2017	1,883
Wages accrued 31 st Dec. 2017	2,400
Direct expenditure accrued 31 st Dec. 2017	240
Cash received from contractee	1,80,000

Prepare Contract account, Contractee's account and show how the work-in-progress will appear in the Balance Sheet.

21. From the following figures, prepare a Reconciliation Statement.

	Rs.
Net loss as per costing records	172,400
works overhead under recovered in costing	3,120
Administrative overhead recovered in excess	1,700
Depreciation charged in financial records	11,200
Depreciation recovered in costing	12,500
Interest received not included in costing `	8,000
Obsolescence charged (Loss) in financial books	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Stores adjustment (Cr.) in financial books	475
Value of opening stock in cost accounts	52,600
Value of opening stock in financial accounts	54,000
Value of closing stock in cost accounts	52,000
Value of closing stock in financial accounts	49,600
Interest charged in cost account but not in financial accounts	6,000
Provision for doubtful debts in financial books	150
Preliminary expenses written off in financial books	800
