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(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2023 ONLY)

23PCC309

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI
END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2024
COURSE NAME: M.Com.-C.A **MAXIMUM MARKS: 75**
SEMESTER: III **TIME : 3 HOURS**

APPLIED COST ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.
MULTIPLE CHOICE QUESTIONS. (K1)

1. Tender is an_____.
   a. Estimation of cost only b. Estimation of profit only
   c. Estimation of selling price d. Value of stock

2. Idle time is_____.
   a. Time spent by workers in factory b. Time spent by workers off their work
   c. Time spent by workers on their jobs d. Production time

3. Basis of apportionment of welfare department expenses is _____.
   a. Number of hours b. Number of employees
   c. Number of females d. Number of light points

4. Standard cost is a _____ cost.
   a. predetermined b. process c. job d. sunk

5. The loss incurred on an incomplete contract is transferred to _____ account.
   a. Profit and Loss account b. Balance Sheet
   c. Material Account d. Work-in-Progress account

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES (K2)

6. Define ‘Cost Accounting’.
7. Define ‘Perpetual Inventory’.
8. Define ‘Overhead’.
9. Define ‘Standard Costing’.
10. What is Contract Costing?

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) Explain the objectives of cost accounting.

(OR)

b) Distinguish between cost accounting and management accounting.

(CONTD……2)

12. a) Find out the economic ordering quantity (EOQ), the following particulars:
Annual requirement – 1,600 units
Cost of Material per unit – Rs.40
Cost of placing and receiving one order Rs.50
Annual carrying cost of inventory – 10% of inventory value

(OR)

b) From the following data provided to you, calculate the labour turnover rate by applying:
a. Separation method
b. Replacement method
c. Flux method
No. of workers on the payroll:
At the beginning of the month - 500
At the end of the month - 600

During the month 5 workers left; 20 persons were discharged and 75 workers were recruited. Of these, 10 workers are recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

13. a) The "Modern Company" is divided into four departments P1, P2 and P3 are producing departments and S1 is a service department. The actual costs for a period are as follows:

Particulars	Rs.
Rent	1,000
Repairs to plant	600
Depreciation of plant	450
Employers liability for insurance	150
Supervision	1,500
Fire insurance in respect of stock	500
Power	900
Light	120

The following information is available in respect of the four departments:

	Dept. P1	Dept. P2	Dept. P3	Dept. S1
Area (sq. meters)	1,500	1,100	900	500
Number of Employees	20	15	10	5
Total Wages (Rs.)	6,000	4,000	3,000	2,000
Value of Plant (Rs)	24,000	18,000	12,000	6,000
Value of Stock (Rs.)	15,000	9,000	6,000	-
H.P. of Plant	24	18	12	6

Apportion the cost to the various departments on the most equitable basis by preparing a Overhead Distribution Summary.

(OR)

b) Kumaresh Ltd. has three production departments P1,P2 and P3 and two service department S1 and S2. The following figures are extracted from the records of the company:

Particulars	Rs.
Rent and Rates	5,000
Indirect wages	1,500
Depreciation of machinery	10,000
General Lighting	600
Power	1,500
Sundries	10,000

(CONTD……3)

Following further details are available:

	Total	A	B	C	D	E
Floor space in sq. meters	10,000	2,000	2,500	3,000	2,000	5,00
Light points	60	10	15	20	10	5
Direct wages (Rs)	10,000	3,000	2,000	3,000	1,500	500
H.P of machines	150	60	30	50	10	-
Value of machinery (Rs.)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the cost to various departments on the most equitable basis by preparing a Primary Departmental Distribution Summary.

14.a) Following is the data of a manufacturing concern. From the figures given below, calculate
(i) Materials Cost Variance
(ii) Material Price Variance
(iii) Material Usage Variance.

The standard quantity of materials required for producing one ton of output is 40 units. The standard price per unit of materials is Rs.3. During a particular period 90 tons of output was undertaken. The materials required for actual production were 4,000 units. An amount of Rs.14,000 was spent on purchasing the materials.

(OR)

b) From the following information regarding a standard product, calculate Labour Cost Variance, Labour Rate Variances and Labour Efficiency Variance.

Labour rate	50 paise per hour
Hours per unit	10 hours
Units produced	500
Hours worked	6,000
Actual labour cost	2,400

15.a) The information given below has been taken from the cost records of a factory in respect of
Job No: 707:
Material Rs.4,010
Wages details:
Dept: A = 60 hours at Rs.3 per hour
B = 40 hours at Rs.2 per hour
C = 20 hours at Rs.5 per hour
The variable overheads are as follows:
Dept: A = Rs.5,000 for 5,000 hours
B = Rs.3,000 for 1,500 hours
C = Rs.2,000 for 500 hours
Fixed expenses estimated at Rs.20,000 for 10,000 working hours. Calculate the cost of the Job No.707 and the price for the Job to give a profit of 25% on the selling price.

(OR)

(CONTD……4)

b) The following Trial Balance was extracted on 31st December, 2007 from the books of Swastik Co. Ltd., Contractors :

	Rs.	Rs.
Share Capital : Shares of Rs.10 each		3,51,800
Profit and Loss A/c on 1st Jan., 2007		25,000
Provision for Depreciation of Machinery		63,000
Cash received on Account : Contract 7		12,80,000
Creditors		81,200
Land and Buildings (Cost)	74,000	
Machinery (Cost)	52,000	
Bank	45,000	
Contract 7 :		
Materials	6,00,000	
Direct Labour	8,30,000	
Expenses	40,000	
Machinery at site (cost)	1,60,000	
	18,01,000	18,01,000

Contract 7 was begun on 1st Jan., 2007. The contract price is Rs.24,00,000 and the customer has so far paid Rs.12,80,000, being 80% of the work certified.

The cost of the work done since certification is estimated at Rs. 16,000.

On 31st Dec., 2007, after the above Trial Balance was extracted, machinery costing Rs.32,000 was returned to stores, and materials when at site were valued at Rs. 27,000.

Provision is to be made for direct labour due Rs.6,000 and for depreciation of all machinery at 12 ½% on cost.

You are required to prepare (a) the contract account, (b) a statement of profit, if any, to be properly credited to Profit and Loss Account for 2007, and (c) the Balance Sheet of Swastik Co.Ltd. as on 31st December.

SECTION – C (5 X 8 = 40 MARKS)

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

(K4 (Or) K5)

16. a) Mention the limitation of cost accounting.

(OR)

b) Distinguish between financial accounting and cost accounting.

17.a) Two components A and B are used as follows:

Average consumption - 40 units
Normal usage - 50 units per week each
Minimum usage - 25 units per week each
Maximum usage - 75 units per week each
Re-order quantity - A: 300 units
B: 500 units
Re-order period - A: 4 to 6 weeks
B: 2 to 4 weeks.
Maximum lead time for emergency purchase - A: 1 day
B: Two days

Calculate for each component:

- Re-order level,
- Minimum level,
- Maximum level
- Average Stock level
- Danger level.

(CONTD……5)

(OR)

b) On the basis of the following information, calculate the earnings of A and B under Straight Piece rate system and Taylors Differential Piece rate system:

Standard production – 8 units per hour
Normal time rate – Re.0.40 per hour
Differentials to be applied:
80% of Piece rate below Standard
120% of Piece rate at or above Standard.

In a nine-hour day A produces 54 units and B produces 75 units.

18.a) The following particulars relate to a manufacturing company which has three production departments P1, P2 and P3 and two service departments S1 and S2.

	Departments				
	P1	**P2**	**P3**	**S1**	**S2**
Total department overheads as per primary distribution Rs.	6,300	7,400	2,800	4,500	2,000

The company decided to charge the service department cost on the basis of following percentages:

Service departments	Production department			Services departments	
	P1	P2	P3	S1	S2
S1	40%	30%	20%	---	10%
S2	30%	30%	20%	20%	---

Find the total overhead of production departments charging service departments costs to production department on

(a) Repeated distribution and
(b) Simultaneous equation method.

(OR)

b) A manufacturing company has two Production Departments, P1 and P2 and Three Service Departments, Time-keeping, Stores and Maintenance. The Departmental Summary showed the following expenses for July, 2008.

Production Departments		**Service Departments**		
P1	**P2**	**S1 (Time-keeping)**	**S 2 (Stores)**	**S3 (Maintenance)**
Rs.16,000	Rs.10,000	Rs.4,000	Rs.5,000	Rs.3,000

The other information relating to departments were:

	Service Departments			**Production Departments**	
	S1 (Time-keeping)	**S 2 (Stores)**	**S3 (Maintenance)**	**P1**	**P2**
No. of Employees	-	20	10	40	30
No. of Stores requisitions	-	-	6	24	20
Machine Hours	-	-	-	2,400	1,600

Prepare overhead distribution summary by Step Distribution Method.

(CONTD……6)

19. a) The standard mix of a product is as under:

A	60 units at 15 P. per unit	Rs.9
B	80 units at 20 P. per unit	Rs.16
C	100 units at 25 P. per unit	Rs.25
	240	Rs.50

Ten units of finished product should be obtained from the above mentioned mix.
During the month of January, 2000 ten mixes were completed and the consumption was as follows:

A	640 units at 20 P. per unit	Rs.128
B	960 units at 15 P. per unit	Rs.144
C	840 units at 30 P. per unit	Rs.252
	2,440	Rs.524

The actual output was 90 units.

Calculate:

a. Material Cost Variance
b. Material Price Variance
c. Material Usage Variance
d. Material Mix Variance

(OR)

b) The following data is taken out from the books of a manufacturing concern:
Budgeted labour composition for producing 100 articles

20 Men @ Rs.1.25 per hour for 25 hours
30 Women @ Rs1.10 per hour for 30 hours

Actual labour composition for producing 100 articles

25 Men @ Rs.1.50 per hour for 24 hours
25 Women @ Rs1.20 per hour for 25 hours

Calculate:

(i) Labour Cost Variance
(ii) Labour Rate Variance
(iii) Labour Efficiency Variance
(iv) Labour Mix Variance

20.a) The following information is extracted from the job ledger, in respect of Job 707:
Material Rs.3,400
Wages:
Dept: A = 80 hours at Rs.2.50 per hour
B = 60 hours at Rs.4.00 per hour

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

(CONTD……7)

(OR)

b) The following information relates to a building contract for Rs.10,00,000 and for which 80% of the value of work-in-progress as certified by the architect is being paid by the contractee:

	2005 Rs.	**2006 Rs.**	**2007 Rs.**
Materials issued	1,20,000	1,45,000	84,000
Direct wages	1,10,000	1,55,000	1,10,000
Direct expenses	5,000	17,000	6,000
Indirect expenses	2,000	2,600	500
Work certified 31st December	2,35,000	7,50,000	10,00,000
Work done but not certified	2,800	8,000	Nil
Materials at site	2,000	5,000	8,000
Value of plant issued	14,000	Nil	Nil

The value of the plant at the end of 2005, 2006 and 2007 was Rs.11,200; Rs.7,000 and Rs.3,000 respectively.

Prepare Contract Account for the three years taking into account such profit as you think proper on incomplete contract.

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