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(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2021-22 ONLY)

SUB CODE 21PCO309

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER – 2022

M.Com. **MAXIMUM MARKS: 70**

III SEMESTER **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 profit b) Estimation of cost

   c) Estimation of selling price d) Estimation of units

2. Direct material is a_____

   a) Fixed cost b) Variable cost c) Semi variable cost. d) Semi fixed cost

3. Labour turnover is _____

   a) Productivity of labour b) Efficiency of the labour

   c) Change in labour force d) Total cost of the labour

4. Process costing is suitable for_____ .

   a) Hospitals b) Oil reefing firms c) Transport firms d) Brick laying firms

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 SENTENCE K2

6. What is mean by costing?
7. Define EOQ
8. Explain overheads
9. What are the five steps of process costing?
10. Interpret the concept of Standard Cost.

SECTION – B (5X4=20 MARKS)

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

11. a) Examine the different elements of cost

(OR)

b) The following information has been obtained from the records of Left-Centre Corporation for the period from January 1 to June 30, 2006:

(CONTD……2)

	2006 On January 1 Rs.	2006 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).From 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) The following transactions took place in respect of an Item of material:

	Receipts Quantity	Rate Rs.	Issue Quantity
2.9.98	200	2.00	
10.9.98	300	2.40	
15.9.98			250
18.9.98	250	2.60	200
20.9.98			

Record the above transactions in the stores Ledger, pricing the issues at Simple Average Pricing method .

(CONTD……3)

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

(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 to manufacture 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) XYZ 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 2001 are as follows:

(CONTD……4)

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.

SECTION – C (4X10=40 MARKS)

ANSWER ANY FOUR QUESTIONS OUT OF SIX QUESTIONS . (K4 (Or) K5)

(Question Number: 16 is compulsory)

16. The modern manufacturing company submits the following information on 31st March ,2007:

	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.

(CONTD……5)

17. 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

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.

18. The following is the record of receipts and issues of material X in a factory during the month of January.

Date	Particulars	Kg	Rate (Rs.)
1	Opening balance	100	10
	Issued	60	--
2	Received	120	11
3	Issued	50	(Stock verification showed a loss of 5Kgs)
4	Received back from others	20 (previously issued at Rs.9 per kg)	
6	Issued	80	--
7	Received	45	Rs.12
10	Issued	50	--

At what prices will the materials be issued under (a) FIFO b) LIFP

19. 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.

(CONTD……6)

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%)

20. During Jan 2,000 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

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.

21. A gang of workers usually consists of 10 men, 5 Women and 5 boys in a Factory. There are paid at standard hourly rates of Rs.1.25, Re. 0.80 and Re. 0.70 respectively. In a normal working week of 40 hours the gang is expected to produce 1,000 units of output.

    In a certain week, the gang consisted of 13 men, 4 women and 3 boys. Actual wages were paid at the rates of Rs.1.20, Re.0.85 and Re.0.65 respectively. Two hours per week were lost due to abnormal ide time and 960 units of output were produced. Calculate various labour variances.

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