13. A company's trading and profit and loss account was as follows:

Dr.	₹	Cr.	₹
To purchases	25,210	By sales	
Less:		(50,000 units	75,000
Closing stock	4,080	@ Rs.1.50 each)	
	21,130	By discount	
To Direct wages	10,500	received	260
To works expenses	12,130	By profit on sale of land	2,340
To selling expenses	7,100		
To Administration expenses	5,340		
To Depreciation	1,100		
To Net Profit	20,300		
	77,600		77,600

Register Number :

Name of the Candidate :

6300

M.Com. DEGREE EXAMINATION, 2011

(SECOND YEAR)

(GROUP - A)

(PAPER - V)

650. ADVANCED COST ACCOUNTING

(Including Lateral Entry)

December] [Time : 3 Hours

Maximum : 100 Marks

SECTION – A (5 × 8 = 40)

Answer any FIVE questions.
ALL questions carry equal marks.

1. Outline the steps involved in installing a Costing system.

2. What do you understand by labour turnover? Discuss the causes of labour turnover.

3. Describe the main features of process costing.

4. What are the advantages of cost audit.

5. You are required to calculate the following stock levels from the information given below:

   (a) Re – Order level.

   (b) Maximum level.

   (c) Minimum level.

Total cost of purchasing relating to the order	= ₹ 20.
Number of units to be purchased during the year	= ₹ 5,000.
Purchase price per unit including transportation cost	= ₹ 50.
Annual cost of storage of one unit	= ₹ 5.

Lead Times: Average 10 days, maximum 15 days, minimum 6 days.

12. A transport service company is running four buses between two towns which are 50 kms apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from this books for January, 2010.

Wages of drivers, conductors and cleaners	₹ 76,000
Salaries of office and supervisory staff	₹ 30,000
Diesel oil and other oils	₹ 1,20,000
Repairs and maintenance	₹ 24,000
Taxation, insurance etc.	₹ 12,000
Depreciation	₹ 54,000
Interest and other charges	₹ 36,000

Actual passengers carried were 75% of the seating capacity. All the buses ran on all the days of the month. Each bus made one round trip per day. Find out the cost per passenger km.

Repairing charges – 50% of depreciation.

Machine consumes 10 units of power per hour @ 10 paise per unit.

Oil expenses @ ₹ 2 per day of eight hours.

Consumable stores @ ₹ 10 per day of eight hours.

8. In the course of manufacturing the main product - 'A', by – product - 'B' is produced. The by – product is further processed for sale. From the following information, prepare an account showing cost per kg of product - 'A' and by – product - 'B'.

Elements of cost	Joint Expenses	Separate Expenses	
		A	B
	₹	₹	₹
Materials	10,000	6,000	500
Labour	7,000	5,000	2,000
Overheads	2,500	1,500	600

100 kg. of product A and 50 kg of B were produced. The selling price of B was ₹ 120 per kg. on which the profit earned was 30 percent.

SECTION – B (3 × 20 = 60)

Answer any THREE questions.
ALL questions carry equal marks.

9. What is meant by perpetual inventory system? What are its advantages?

10. Explain the concept of under – absorption and over – absorption of factory overhead. What are its causes?

11. The product of a company passes through two processes called I and II. The percentage of loss is ascertained as Process - I – 2% and Process - II – 5%. The loss of each process has a scrap value. The loss of process - I is sold at ₹ 10 per 100 units and that of process - II at ₹ 20 per 100 units. The following information is available for the year ended 31st December, 2009. 40,000 units of

material were introduced in Process - I at cost of ₹ 16,000.

	Process-I ₹	Process-II ₹
Material consumed	8,000	2,800
Direct Labour	12,200	14,000
Manufacturing expenses	3,080	1,000
Finished products	units	units
	39,000	38,500
Finished Stock:		
January-1, 2009.	4,000	6,000
December-31, 2009.	3,000	8,000
Stock valuation on January, 1 (per unit)	₹ 0·90	₹ 1·47.

Stock on December, 31 are to be valued at the cost as shown by the years process accounts. Prepare process accounts.

Rate of consumption:

Average 15 units per days.

Maximum 20 units per days.

6. From the following information, calculate the earnings of an employee under the following methods of wage payment.

   (i) Halsey Premium Plan.

   (ii) Rowan Premium Plan.

Time allowed – hours per 100 units	– 35.
Wages per unit	₹ 2.
Hourly rate	₹ 7.
Actual time taken in hours	50.
Actual units produced	200.

7. From the given information relating to a machine work out the machine hour rate.

   Purchase price of the machine with scrap value of zero ₹ 90,000.

   Installation charges of the machine ₹ 10,000.

   Life of the machine is 10 years of 2,000 working hours each.

The profit as per cost accounts was only ₹ 19,770. Reconcile the financial and cost profits using the following information;

(a) Cost accounts valued closing stock at ₹ 4,280.

(b) The works expenses in the cost accounts were taken at 100% of direct wages.

(c) Selling and administration expenses were charged in the cost accounts at 10% of sales ₹ 0·10 per unit respectively.

(d) Depreciation in the cost accounts was ₹ 800.

9

The profit as per cost accounts was only ₹ 19,770. Reconcile the financial and cost profits using the following information;

(a) Cost accounts valued closing stock at ₹ 4,280.

(b) The works expenses in the cost accounts were taken at 100% of direct wages.

(c) Selling and administration expenses were charged in the cost accounts at 10% of sales ₹ 0·10 per unit respectively.

(d) Depreciation in the cost accounts was ₹ 800.