

TYBCOM SEMESTER END ASSESSMENT JUNE 2022

COST & MANAGEMENT ACCOUNTING – ADVANCED COST ACCOUNTING (DSE 5)

Semester: VI

Duration: 2 Hours

Max Marks: 80

Instructions:

- Question no. 1 is compulsory.
- Answer any three questions from Question No 2 to Question No 6
- Figures to the right indicate maximum marks allotted.

Q. 1 The following expenses were incurred for a job during the year ending 31st Dec 2018.

(20 Marks)

Direct materials ₹ 3000

Direct wages ₹ 4000

Chargeable expenses ₹ 1000

Factory overheads ₹ 2000

Selling and distribution overheads ₹ 2000 Administrative overheads ₹ 3000

Selling price for the above job was ₹ 18000.

Calculate estimated Job cost sheet using following information.

Materials, wages and chargeable expenses of ₹ 5000, ₹7000 and ₹ 2000 respectively will be required for the new job.

The various overheads should be incurred on the following basis while calculating estimated price. Factory overheads as 50% of direct wages and administrative and selling and distribution overheads as 30% of factory costs. Profit is estimated to be at 25% of selling price.

Q. 2 From the following data relating to a vehicle, calculate cost per tonne km and operating cost sheet.

(20 Marks)

Kms run (annually) 15000kms

Tonnes per km : 5

Cost of the vehicle ₹2,50,000

Road license (annual) ₹800

Insurance (annual) ₹700

Garage rent (annual) ₹1300

Supervisors salary (annual) ₹ 2100

Drivers wages per hour ₹4

Kms run per litre 6

Cost of fuel per litre ₹3

Repairs and maintenance per km ₹2

Tyre allocation charges ₹1 per km

Estimated life of vehicle is 1,00,000 kms. Charge interest at 5% p.a. on cost of vehicle. The vehicle runs 20 kms per hour on average.

Q. 3 The financial books of a company show a net profit of 2,57,510 for the year ending 31st December. The cost accounts show a net profit of ₹ 3,44,800 for the same corresponding period. The following facts are brought to light, prepare a reconciliation statement.

Under recovery of factory overheads in cost accounts ₹ 6,240

Over-recovery of overheads in cost account ₹ 3,400

Depreciation in financial accounts ₹ 22,400

Depreciation in cost accounts ₹ 25,000

Interest on investments not included in cost ₹ 16,000

Loss of obsolescence charged in financial accounts ₹11,400

Income tax debited in financial accounts ₹ 80,600

Bank interest and dividend credited to financial accounts ₹2,450

Loss of stock not charged in cost accounts ₹13,500

Q.4 Merrit Engineering engaged in job work and gives per unit cost incurred for the job for the year 2018. **(20 Marks)**

Cost of material ₹ 80 p.u.

Wages ₹ 120 p.u.

manufacturing expenses ₹ 50 p.u.

Administrative Expenses ₹ 70

Selling expenses ₹ 30

The company received the order to supply 300 units of the product during 2019. You are required to prepare the quotation of the new job showing price per unit, by using following information.

The machines will be sold so as to show a profit of 25% on Cost.

Price of the material is expected to rise by 20%; Wages are expected ₹ 130 p.u.

No change is expected in the Manufacturing expenses, administrative expenses and selling expenses per unit.

Q. 5 Answer the following questions **(10x2=20 Marks)**

A. Distinguish between cost reduction and cost control.

B. What are the reasons of disagreement in profits?

Q. 6 Answer any four of the following **(4x5=20 Marks)**

- i. Explain in brief the nature of job costing.
- ii. Write a shot note on batch costing.
- iii. Discuss in brief the operating costing.
- iv. Explain the basic principles of operating costing.
- v. Why there is a need for reconciliation?
- vi. Explain in brief the procedure for reconciliation.