Vidya Vikas Mandal's

Shree Damodar College of Commerce & Economics, Margao-Goa

TY B.Com, Semester-VI(OC-66), Semester End Examination June 2022

Cost Accounting (DSE V)

Advanced Cost Accounting - I

Duration: 2hrs **Max Marks: 80**

Instructions:

1) *Q.1 is compulsory.*
2) *Answer any 3 from Q.2 to Q.6*
3) *Start each question on fresh page.*
4) *Figures to the right indicate maximum marks.*

Q.1 Mr. Oxfard owns a bus which runs according to the following schedule:

Goa to Belguam and back on the same day:

Distance Covered: 300 kms one way

Number of days each month: 8 days

Seating capacity occupied: 85%

Goa to Karwar and back, the same day:

Distance covered: 240 kms one way

Number of days each month: 10 days

Seating capacity occupied: 90%

Goa to Pune and back, the same day:

Distance covered: 540 kms one way

Number of days each month: 6 days

Seating capacity occupied: 100%

Following are the other details:

Cost of the bus: Rs. 12,00,000

Salary of the driver: Rs. 5,600 per month

Salary of the conductor: Rs. 4,400 per month

Salary of the part time accountant: Rs. 400 per month

Insurance of the bus: Rs. 9,600 per annum

Diesel consumption 4 kms per litre at Rs. 12 per litre

Road tax: Rs. 3,000 per annum

Lubricant oil: Rs. 20 per 100 kms.

Permit fee: Rs. 630 per month

Repairs and maintenance: Rs. 2000 per month

Depreciation of the bus: @20% per annum

Seating capacity of the bus: 50 persons

Passanger tax is 20% of the total cost

You are required to calculate the fair to be charged from each passenger to earn a profit of 30% on total cost for each journey. **(20 Marks)**

Q.2 Shaleen's Bakery undertakes supply of 200 cookies per month in the market for the ensuring 6 months. Every month, a batch order for cookies is opened against which materials and labour is booked at actual cost. Overheads are levied at a rate equal to per labour hour. The selling price contracted for is Rs. 8 per piece. From the following data, calculate the cost and profit per piece of each batch order and overall position of the order of 1,200 cookies.

Month	Batch Output	Material Cost (Rs.)	Direct wages (Rs.)	Direct Labour Hours
July	210	650	120	240
August	200	640	140	280
September	220	680	150	280
October	180	630	140	270
November	200	700	150	300
December	220	720	160	320

The other details are:

Chargeable expenses	Direct labour hours
12,000	4,800
10,560	4,400
12,000	5,000
10,560	4,600
13,000	5,000
12,000	4,800

(20 Marks)

Q.3 From the given Profit and Loss a/c of Galaxy Glow Ltd., prepare a cost sheet for the year ending 31st December 2021 and reconcile the profit disclosed in cost accounts with those shown in financial accounts.

Profit and Loss a/c for the year ending 31st December 2021

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Wages	75,500	By Sales (6,000 units)	3,00,000
To Materials Used	1,37,000	By Closing Stock of Finished Goods (200 units)	8,000
To Factory Expenses	41,500	By Closing Stock of Work-in-progress	6,000
To Expenses on Administration	19,120	By Dividend Received	900
To Selling Expenses	22,500		
To Goodwill Written off	1,000		
To Preliminary Expenses Written off	2,000		
To Net Profit	16,280		
	3,14,900		**3,14,900**

Additional Information is available in cost accounts:

1. Factory expenses have been allocated to the production at 20% on Prime Cost.
2. Expenses of administration at Rs. 1.5 per unit produced.
3. Selling expenses at Rs.2 per unit sold.

(20 Marks)

Q.4 A. The following direct costs were incurred on Job 880 of Sheryl Pvt. Ltd.

Materials - Rs. 4,010

Wages - Dept A: 60 hrs @Rs. 3 per hr., Dept B: 40 hrs @ Rs. 2 per hr. And Dept C: 20hrs @ Rs. 5 per hr.

Overhead expenses for these three departments were estimated as follows:

Variable overheads - Dept A: Rs. 5,000 for 5,000 labour hr, Dept B: Rs. 3,000 for 1,500 labour hrs and Dept C: Rs. 2,000 for 500 labour hrs

Fixed Overheads - Estimated at Rs. 20,000 for 10,000 normal working hrs.

You are required to calculate the cost of Job 880 and calculate the price to give profit of 25% on selling price. **(10 Marks)**

B. Explain any five reasons for disagreements in profit between Cost Accounts and Financial Accounts. **(10 Marks)**

Q.5 A. Fastgoods transport company supplies the following information in respect of truck of five tonne capacity.

Cost of truck	Rs. 4,50,000
Estimated life	10 years
Insurance	Rs. 24,000 a year
Tax	Rs. 12,000 a year
Driver's wages	Rs. 2,500 per month
Cleaner's wages	Rs. 1,250 per month
Diesel, oil and grease	Rs. 75 per trip each way
Repairs and Maintenance	Rs. 2,500 per month
General supervision charges	Rs. 24,000 a year

The truck carries goods to and from, city covering a distance of 50 km on each way. While going to the city, freight is available to the extent of full capacity and on return, 20% of the capacity. Assuming that the ruck run on an average 25 days a month, find out operating cost per ton km. Also find out the rate per ton trip that the transport company should charge if profit of 50% on cost. **(10 Marks)**

B. i) Differentiate between Job Costing and Batch Costing. **(5 Marks)**

ii) Quick Tires Ltd. is committing to supply 12,000 tires per annum to Fast Cars Ltd. on a steady daily basis. It is estimated that it costs 5 paise as inventory holding cost per tire per month and that the set up cost per tire manufacture is Rs. 164.

Calculate

i) the optimum run size for the tire manufacture.

ii) number of runs in which the tires can be manufactured in a year.

iii) the interval between two consecutive optimum runs. **(5 Marks)**

Q.6 Write short notes on any four of the following: **(4x5 = 20 Marks)**

a. Economic Batch Quantity.

b. Difference between Tenders and Quotations.

c. Hotel Costing.

d. Need for reconciliation of financial profit and costing profit.

e. Tools used for Cost Control.

f. Features of Cost Control.