CLASS: M.Com. **15A/263**

St. JOSEPH'S COLLEGE (AUTONOMOUS) TIRUCHIRAPPALLI – 620 002

SEMESTER EXAMINATIONS – APRIL 2015

TIME: 2 Hrs. 20 Min. **MAXIMUM MARKS: 75**

SEM	SET	PAPER CODE	TITLE OF THE PAPER
II	2014	14PCO2106	COST SYSTEM AND COST CONTROL

SECTION – B

Answer any THREE questions: **3 x 25 = 75**

26. A company manufactures two types of pens namely "Hero" and "Raja" following are the details of costs for the year ended 31st March 1993.

Direct materials : 1,30,000

Direct labour : 1,10,000

Production overheads : 72,500

Following future information is available:

i) The direct material is 'Raja' pen was 40% of that in 'Hero'.
ii) The direct labour cost in 'Hero' pen was twice as much as that in 'Raja' pen.
iii) Production overhead per pen was in the ratio of 5:3 (Hero and Raja).
iv) Administration overhead for each type of pen was 100% of direct labour cost.
v) Selling and distribution expenses was ` 1.50 per pen for both types.
vi) Following was the production and sales during the year.

'Hero' pens – 20,000 of which 18,000 were sold @ ` 22 each

'Raja' pens – 15,000 of which 14,000 were sold @ ` 14 each

Prepare a statement showing the cost and profit per pen of each type.

27. From the following figures prepare a reconciliation statement.

	`
Net loss as per cost account	10,000
Net profit as per financial a/c	15,000
Works overheads under recovered in cost a/c	3,000
Administrative overhead over recovered in cost a/c	6,000
Depreciation charged in Financial a/c	10,000
Depreciation recovered in cost a/c	1,400
Interest received on securities	25,000
Obsolescence loss charged in Financial a/c	5,000
Income tax provided in Financial a/c	10,000
Bank interest credited	10,000
Stores adjustment credited in Financial a/c only	2,000
Value of opening stock in cost a/c	52,000
Value of opening stock in Financial a/c	54,000
Value of closing stock in cost a/c	50,000
Value of closing stock in Financial a/c	47,000
Interest charged in cost a/c but not in Financial a/c	6,000
Preliminary expenses written off	1,000
Provision for doubtful debts	4,000

28. A product passes through there processes. The following information relates to January 1990.

	Process – I (`)	Process – II (`)	Process – III (`)
Sundry materials	2,600	1,980	2,962
Wages	2,600	3,000	4,000

Production overhead of ` 9,000 is recovered at 100% on direct wages 1,000 units of material at ` 3 per units were introduced in to Process – I. The following additional data are obtained.

Process	Output	Normal loss	Scrap value per unit
Process – I	950 units	5%	` 2
Process – II	840 units	10%	` 4
Process – III	750 units	15%	` 5

There was stock of materials or work-in-progress at the beginning or end of period.

Prepare cost accounts.

29. Ashok Co. Ltd. has provided the budget estimate for the year 1993-94.

Sales in units	22,500
Sales price	` 3,37,500
Variable cost per unit	` 9
Fixed cost	` 51,000

You are required to find out:

I a) P/v ratio b) B.E.P sales c) Margin of safety d) Sales required to earn profit of ` 84,000.

II a) P/v ratio b) B.E.P sales c) Margin of safety in each of the following cases.

- i) Decrease of 10% in selling price
- ii) Increase of 10% in variable cost
- iii) Increase of volume of sales of by 3,000 units
- iv) increase in the fixed cost by ` 9,000.

30. A work under for 500 units of commodity has to pass through four different machines of which hour rates are:

Machine No I	1.25
Machine No II	3.00
Machine No III	4.00
Machine No IV	2.50

The following expenses have been incurred on the work order:

Materials ` 20,000

Wages ` 1,500

Machine No I worked for 200 hours

Machine No II worked for 300 hours

Machine No III worked for 240 hours

Machine No IV worked for 100 hours

After the work order has been executed materials worth of ` 1,000 were returned to stores office overhead are to be estimated

@ 60% of the works cost.

10% of the production is going to be discarded being unsatisfactory for which ½ the amount can be realized from the sale in Junk method.

Find out the rate of selling price per unit if 20% profit on selling price desired.

It is presumed that net resulted output is 500 units i.e., the quantum of work order after discarded units have been adjusted for.

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