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**SARDAR PATEL UNIVERSITY**
**B. Com. (III Semester) (NC 2010 Batch) Examination**
**2016**
**Tuesday, 18th October**
**2.00 pm - 4.00 pm**
**UB03ECOM02/18 - Advanced Cost Accounting**

**Total Marks : 60**

Q.1 In a Factory 5000 units are introduced in to a process at a cost of Rs. 100000. The total additional expenditure incurred by the process is Rs. 165000. From the past experience it is calculated that of the units introduced 20% are normally spoilt in the course of manufacture. These possess a scrap value of Rs. 5 per unit. (15)

Prepare process a/c if the output is as follows:

(a) 4000 units produced
(b) 3500 units produced
(c) 4200 units produced

Assume that abnormal wastage possess the same scrap value as the normal wastage.

**OR**

Q.1 (15)

(a) Discuss the features of process costing. Which industries use process costing ?
(b) Explain Normal Loss, Abnormal Loss and Abnormal Gain.

Q.2 'SHIV' construction company undertook the construction of a building at a contract price of Rs. 240000. The date of commencement of contract was 1st April 2016. The following cost information is given for the year ended 31-3-2017. (15)

| | **Rs.** |
|---|---|
| Material | 76950 |
| Material from stores | 15750 |
| Wages | 40950 |
| Direct expenses | 13050 |
| Establishment charges | 4500 |
| Plant | 48300 |
| Sub contract costs | 4500 |
| Sale of scrap | 3000 |

**The further information is as follows:**

(1) Accruals on 31-3-17 were wages are Rs. 4050 and direct expenses Rs. 3150.
(2) The cost of work uncertified included materials Rs. 4800 wages Rs. 2400 and direct expenses Rs. 1500.
(3) Plant of Rs. 7500 and material of Rs. 3000 were destroyed by fire.
(4) Plant costing Rs. 10500 was sold for Rs. 9000 and materials costing Rs. 4500 were sold for Rs. 6000.

(5) Depreciation till 31-3-17 on plant was Rs. 3300.
(6) Materials at site were Rs. 7500.
(7) Cash received from the contractee was Rs. 144000 being 80% work certified.
(8) Transfer 3/4 profit on cash basis to profit and loss a/c.
Prepare Contract a/c

**OR**

Q.2 Write short notes: (15)
(a) Certified work
(b) Uncertified work
(c) Escalation clause

Q.3 (15)
(a) Define operating costing and discuss its characteristics.
(b) Give a proforma of a operating cost sheet.

**OR**

Q.3 Krishna Transport Co. has been given a route of 40 kilometers (one way) for running buses. The Co. has two buses each costing Rs. 110000 and having a life of 10 years with a scrap value of Rs. 14000 per bus. From the following estimated expenditure and other details calculate cost per passenger kilometer and the bus fare to be charged to each passenger for each way journey assuming 50% profit on takings. (15)

| | Rs. |
|---|---|
| Insurance charges 3% p.a. | - |
| Annual tax for each bus | 2100 |
| Total garage rent (for both the buses) per month | 1200 |
| Annual repairs for each bus | 3000 |
| Driver's salary for each bus p.m. | 900 |
| Conductor's salary for each bus p.m. | 600 |
| Administration expenses p.m. (for both buses) | 4800 |
| Diesel and oil per 100 kms | 50 |

Each bus will make four round trips per day carrying on an average 50 passenger on each trip. The bus will run on an average for 25 days in a month.

Q.4 What is Activity Based Costing ? Give its definition and state its characteristics. (15)

**OR**

Q.4 Discuss the advantages and disadvantages of Activity Based Costing. (15)

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