

G 18001187



Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, MAY 2018

Fourth Semester

Faculty of Commerce

Branch : Elective—Finance

AC 04C 16—ADVANCED COST ACCOUNTING

(2012 Admission onwards)

[Common for all Electives]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **five** questions.
Each question carries 1 weight.*

1. What is margin of safety ?
2. What do you mean by 'Cost Centre' ?
3. Give a note 'Idle time Variance'.
4. What do you mean non-integrated accounts ?
5. What do you mean by flexible budget ?
6. What is Budget centre ?
7. What is Joint Product ?
8. Define control accounts.

(5 × 1 = 5)

Section B

*Answer any **five** questions.
Each question carries 2 weight.*

9. Explain the steps involved in implementation of a sound system of budgetary control.
10. Fixed cost Rs. 1,50,000.
Selling Price p.u. Rs. 15.
Variable cost p.u. Rs. 5.
 - (a) Determine BEP.
 - (b) What is BEP if sale price is reduced by $33\frac{1}{3}\%$?

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11. From the following particulars, calculate material variances :

Quantity of material Purchased 3,000 units.

Value of material purchased Rs. 9,000.

Standard quantity of material required per tonne of finished product 25 units.

Standard rate of material Rs. 2 per unit.

Opening stock of material Nil closing stock of material 500 units.

Finished Production during the year 80 tonnes.

12. Following are the budgeted expenses for Production of 2,500 units :

<i>Per unit (Rs.)</i>			<i>Per unit (Rs.)</i>		
Direct Material	...	90	Selling overhead (10 %) Fixed	...	30
Direct Labour	...	45	Administrative expenses		
Variable overhead	...	35	(Fixed)	...	10
Fixed overhead (Rs. 1,25,000)	...	50	Distribution		
Variable expenses (Direct)	...	20	Expenses (30 % Fixed)	...	10

Prepare a flexible budget for Production of 1500, 1750 and 2000 units, showing distinctly marginal and total cost.

13. In a manufacturing unit raw material passes through four processes I, II, III and IV and the output of each process is the input of the subsequent Process. The loss in the four processes I, II, III and IV are respectively 25 %, 20 %, 20 % and $16\frac{2}{3}$ % of the output. If the end product of process IV is 40,000 kgs, what is the quantity of raw materials required to be fed at the beginning of process I and find out the cost of material if cost per kg. of material is Rs. 5 per kg.
14. Why is a reconciliation of cost and financial accounts necessary ?
15. Explain the methods for determination of Break-even point.
16. What do you mean by Master Budget ? Explain the process involved in preparation of Master Budget.

(5 × 2 = 10)





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Section C

*Answer any **three** questions.
Each question carries 5 weight.*

17. A Company now operating at 70 % Capacity gives the following data relating to the year 2015.
No. of units produced and sold 3,500 :

Statement of cost per unit	(Rs.)
Material	... 15.00
Labour	... 10.00
Variable Overheads	... 5.00
Fixed Overheads	... 5.00
Selling Price	... 50.00

An export order has been received which requires the use of the balance of capacity. What minimum price should be quoted per unit for the export order if the Company wants to make an overall total profit of Rs. 75,000 in the year 2016. Assume that the price to be quoted for export order will not affect home market.

18. In a Coke manufacturing company, 1000 tonnes of Coal is used at a price of Rs. 4 per tonne.
The following by-products are also produced. Tar-12,000 gallons @ Rs. 0.05/ gallon Sulphate of Ammonia 26000 lbs @ Re. 0.025/lb Gas 70,00,000 Cu. ft at Re. 0.15 per thousand Cu. ft. Benzol extraction 3000 gallons at Re. 0.20 per gallon Further Carbonizing cost of Re. 1000 was also incurred.

At the finished state 660 tonne of Coke was produced. Find out the total cost of finished Coke assuming the total sales value of by-products is deducted from the cost of Coke.

19. Calculate Labour variances from the following details :

Standard Composition :

10 Men @ Re. 0.625

5 Women @ Re. 0.400.

5 Boys @ Re. 0.350.

Week consists of 40 hours and standard output 1,000 units.

In a particular week, 13 Men 4 Women 3 Boys worked @ Rs. 0.6 per hour 0.425 per hour and 0.325 per hour respectively. Two hours were lost due to abnormal idle time.

Actual Production was 960 Units.

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20. The following Profit and Loss Account for the year ending 31st March 2015 has been extracted from the books of A Ltd.

	Rs.		Rs.
Direct Material	... 10,000	By Sales	... 50,000
Labour	... 20,000	" Work in progress :	
Factory expenses	... 9,500	Labour 600	} ... 1,300
Administrative Expenses	... 5,200	Material 400	
Selling and Distribution	... 3,800	Factory exp. 300	
Interest on Capital	... 1,000	Finished Stock	... 2,700
Goodwill Written-off	... 1,500		
Net Profit	... 3,000		
	<u>54,000</u>		<u>54,000</u>

Cost accounts manual states that the factory overheads are to be recovered at 50 % of direct wages, administration overheads at 10 % of works cost and selling and distribution overheads @ Re. 1 per unit sold.

The units of product sold and in hand were 4,000 and 257 respectively.

Prepare : (a) Statement of Cost and Profit as per cost Accounts ; and (b) Reconciliation Statement.

21. What are the objectives of Standard Costing ? Discuss briefly the types of standard and the problems in setting standards.
22. Explain the impact of Selling Price, Fixed cost and variable cost on :
- P/V ratio.
 - Break-Even Point.
 - Margin of Safety.

Illustrate with suitable example.

(3 × 5 = 15)

