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Reg. No...............................

Name...................................

M.COM. DEGREE (C.S.S.) EXAMINATION, NOVEMBER 2021

Fourth Semester

Faculty of Commerce

Elective–Finance

AC04C16—ADVANCED COST ACCOUNTING

(2012 – 2018 Admissions—Supplementary/Mercy Chance)

[Common for all Electives)

Time : Three Hours | Maximum Weight : 30

Section A

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

1. What is P/V ratio ?
2. What is meant by profit centre ?
3. What is calendar variance ?
4. Mention two advantages of Integrated accounts.
5. What is ZBB ?
6. Mention two objectives of Budgetary control.
7. What is Scrap ?
8. What is the purpose of control a/c ?

(5 × 1 = 5)

Section B

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

9. Distinguish between Fixed Budget and Flexible Budget.
10. From the following details find out margin of safety :

    (a) Profit – Rs. 30,000 P/V ratio – 20%

    (b) Break-even sales – Rs. 3,00,000 Actual sales – Rs. 5,00,000

Turn over

11. The standard output of 'X' is 25 units per hour in a manufacturing department of a company employing 100 workers. The standard rate per labour hour is Rs. 6.

    In a 42 hour week the department produced 1040 units of X despite of loss of 5% of the time paid due to abnormal reason. The hourly rates actually paid were Rs. 6.20, Rs. 6.00 and Rs. 5.70 respectively to 10, 30 and 60 workers. Compute relevant variances.

12. East and West enterprises are currently working at 50% capacity and produces 10,000 units. Estimate the profits of the company when it works at 60% and 70% capacity.

    At 60% capacity the raw material cost increases by 2% and the selling price falls by 3%. At 70% capacity raw material cost increases by 4% and selling price falls by 5%.

    At 50% capacity working the product costs Rs. 180 p.u. and is sold at Rs. 200 p.u.

    The unit cost of Rs. 180 is made up on follows : Material Rs. 100, Wages Rs. 30, Factory overhead Rs. 20 (40% fixed) Administration overhead Rs. 30 (50% fixed).

13. Product X is obtained after it is processed through three distinct processes. The following cost information is available for this operation :

Particulars	*Total*	*Process I*	*Process II*	*Process III*
Materials	5,625	2,600	2,000	1,025
Direct wages	7,330	2,250	3,680	1,400

    Production overhead 7,330.

    500 units at Rs. 4 p.u. were introduced in process I. Production overhead are absorbed as a percentage of Direct wages. The actual output and normal loss of the respective processes are :

	Output (units)	*Normal loss*	*Scrap p.u.*
Process I	450	10% of input	2
Process II	340	20% of input	4
Process III	270	25% of input	5

    Prepare process accounts and the abnormal loss or gain accounts.

14. Discuss the advantages of Integrated accounts.

15. What are the assumptions underlying break-even analysis ?

16. What are the criticism levelled against ZBB ?

(5 × 2 = 10)

Section C

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

17. Company 'A' and company 'B' both under the same management, make and sell the same type of product. Their budgeted profit and loss account for January-June 2015 are as under :

Particulars	*Company* 'A'	*Company* 'B'
Sales	3,00,000	3,00,000
Less : Variable cost	2,40,000	2,00,000
Fixed cost	30,000	70,000
Profit	30,000	30,000

You are required to (i) calculate the break-even point for each company and (ii) the sales volume at which each of the two companies will make a profit of Rs. 10,000. Comment on the results.

18. From the following information about SV Company Ltd. during a period, prepare process cost a/c for process III :

Opening stock in Process III	..	1600 units	Rs. 20,600
Transfer from Process II	..	42,400 units	Rs. 3,29,200
Transfer to Process IV	..	38,400 units	
Closing stock of Process III	..	4,000 units	
Units scrapped	..	1,600 units	
Direct material added in Process III		..	Rs. 1,58,080
Direct wages		..	Rs. 78,080
Production overhead		..	Rs. 39,040

Degree of completion.

		Opening Stock	*Closing Stock*	*Scrap*
Material	..	80%	70%	100%
Labour	..	60%	50%	70%
Overhead	..	60%	50%	70%

The normal loss in Process was 5% of production and scrap was sold at Rs. 3 p.u.

19. Following information is given for the month of March 2016 :

Budgeted sales product A 500 units at Rs. 2.

Standard cost Rs. 1.75.

Product B 700 units at Rs. 1.50

Standard cost Rs. 1.50

Turn over

Actual Sales :

Product A 560 units at Rs. 1.95 p.u.

Product B 710 units at Rs. 1.40 p.u.

Find out : (a) Sales margin price variance.

(b) Sales margin mix variance.

(c) Sales margin quantity variance.

(d) Total sales margin variance.

(e) Sales margin volume variance.

20. ABC manufacturing company has the following has the following balances in its integrated ledger as on 1st January 2015 :–

Share capital	..	2,00,000
Reserves	..	50,000
Sundry debtors	..	40,000
Plant and machinery	..	2,50,000
Sundry creditors	..	60,000
Bank overdraft	..	80,000
Raw materials	..	1,00,000

Transactions during the year 31-12-2015 were as follows :

Raw materials purchased on credit	..	1,60,000
Raw materials issued to production	..	2,00,000
Raw materials on hand 31-12-15	..	52,000
Direct wages incurred	..	1,90,000
Direct wages charged to production	..	1,86,000
Manufacturing expenses incurred	..	1,75,000
Manufacturing expenses charged to production	..	1, 86,000
Selling and distribution expenses	..	20,000
Finished stock – Production (at cost)	..	3,82,000
– sales (at selling price)	..	5,72,000
Payment to creditors	..	1,70,000
Receipts from debtors	..	6,00,000

(a) Write up ledger accounts ; and (b) Prepare Trial Balance.

21. Explain the difference between :

(a) Standard cost and Estimated cost ; (b) Standard costing and Budgetary control.

22. What are the features of marginal costing ?

Explain the arguments in favour of and against marginal costing.

(3 × 5 = 15)