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

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

M.Com. DEGREE (C.S.S.) EXAMINATION, MAY 2017

Fourth Semester

Faculty of Commerce

Elective–Finance

AC04C16—ADVANCED COST ACCOUNTING

(2012 Admissions—Regular)

[Common for All Electives]

Time : Three Hours | Maximum Weight : 30

Section A

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

1. Define Cost Accounting.
2. What are equivalent unit ?
3. Distinguish between absorption costing and Marginal costing.
4. Narrate Budget Manual.
5. What do you mean by Key factor ?
6. Briefly explain Performance Budget ?
7. What is Over head variance ?
8. Explain Integrated accounting.

(5 × 1 = 5)

Section B

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

9. A Company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 2015. The following were the budgeted expenses and revenue.

   Material : Rs. 15 per unit.

   Wages : Rs. 10 per unit.

   Work expenses : Fixed Rs. 40,000 and Variable Rs. 4 per unit.

   General Expenses Rs. 60,000.

   Profit is 20 % on sale price.

   Prepare the budget for 2015 showing the costs and profit.

Turn over

10. Given that the cost standards for materials consumption are 40 Kgs. at Rs. 10 per kg. Actuals were 48 kgs at Rs. 12 per kg. Compute (1) Material cost variance ; (2) Material price variance ; and (3) Material usage variance.

11. Determine the value of abnormal loss in the process "A" account.

    In process "A" 100 units were introduced at a cost of Rs. 1,000. The other expenditure incurred by this process was Rs. 600. Of the units introduced 10 % is normally lost, in the course of manufacturing and they possess a scrap value of Rs. 3 each. The output of process "A" was only 75 units.

12. You are required to calculate break -even volume and margin of safety using the following data :

    Profit Rs. 20,000

    Profit volume ratio is 50 %.

    Percentage of profit on sales is 25%.

13. The expenses for the production of 500 units in a factory are given as follows :

    Materials : Rs. 80 per unit.

    Labour : Rs. 60 per unit.

    Variable overhead (Factory) Rs. 15 per unit.

    Fixed factory overhead (5,000 Rs.) Rs. 10 per unit.

    Administrative overhead (20 % variable) Rs. 10 per unit.

    Selling and distribution expenses (50 % Fixed) Rs. 10 per unit.

    Total unit cost per unit is Rs. 185 per unit.

    You are required to prepare a flexible budget for 600 units.

14. Describe the procedure for fixing standard cost of product with which you are familiar.

15. Explain the features of Zero based budget.

16. Narrate the nature and advantages of cost ledger accounting.

(5 × 2 = 10)

Section C

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

17. From the following data find out :—

    (a) P/V ratio.

    (b) Sales required to break-even.

    (c) Number of units to be sold to earn a profit of Rs. 1,60,000.

    (d) Margin of safety at a profit of Rs. 50,000.

(e) Sales required to earn a profit of Rs. 1,90,000.

(f) New P/V ratio if selling price is reduced by Rs. 5.

(g) Number of units to be sold to earn a profit of Rs. 50,000 at the reduced selling price.

(1) Selling price per unit Rs. 40.

(2) Variable cost per unit Rs. 24 g.

(3) Fixed expenses Rs. 64,000.

18. The standard cost of chemical mixture is :

40 % material at Rs. 20 per kg.

60 % material B at Rs. 30 per kg.

A standard loss of 10 % is expected in production.

During a period these are used:

90 kgs. materials A at a cost of Rs. 18 per kg.

110 kgs. materials B at a cost of Rs.34 per kg.

The weight produced is 182 kgs. of goods products. Calculate :

(a) Material price variance ;

(b) Material mix variance ;

(c) Material yield variance ;

(d) Material usage variance ; and

(e) Material cost variance.

19. A product passes through two distinct processes A and B and thereafter it is transferred to finished stock. The output of A passes to B and that of B to finished stock. From the following information you are required to prepare process accounts.

Particulars		*Process* 1	*Process* 2
Materials consumed	...	12,000	6,000
Direct Labour	...	14,000	8,000
Manufacturing expenses	...	4,000	4,000
Input in process A (units)	...	10,000	–
Input in process A (values)	...	10,000	–
Output (units)	...	9,400	83,000
Normal wastage	...	5 %	10 %
Value of normal wastage (per 100 units)	...	8	10

Turn over

20. From the following information supplied to you, prepare a cash budget in respect of three months to June 30 :

Month		*Sales*	*Materials*	*Wages*	*Overheads*
January	...	60,000	40,000	11,000	6,200
February	...	56,000	48,000	11,600	6,600
March	...	64,000	50,000	12,000	6,800
April	...	80,000	56,000	12,400	7,200
May	...	84,000	62,000	13,000	8,600
June	...	76,000	50,000	14,000	8,000

Expected cash balance on 1st April Rs. 20,000.

Other information :

(a) Materials and overheads are to be paid during month following the month of supply.

(b) Wages are to be paid during the month in which they are incurred.

(c) Terms of sales - The terms of credit sales are payment by the end of the month following the month of sates; half of the sales are paid when due, the other half to be paid during the next month.

(d) The 5 % commission is to be paid within the month following the actual sales.

(e) Preference dividend for Rs. 30,000 is to be paid on 1st May.

(f) Share call money for Rs. 25,000 is due on 1st April and 1st June.

(g) Plant and machinery worth Rs. 10,000 is to installed in the month of January and the payment is to be made in the month of June.

21. Define Marginal Costing. Explain the merits and demerits of marginal costing.

22. Explain joint products and by-products. What are the methods generally used to account for these products ?

(3 × 5 = 15)