Reg. No $\qquad$ Name

# M. COM DEGREE END SEMESTER EXAMINATION - MARCH/APRIL 2019 <br> SEMESTER 4 : COMMERCE 

COURSE : 16P4COMT16EL : ADVANCED COST ACCOUNTING
(For Regular - 2017 Admission and Supplementary - 2016 Admission)

Time : Three Hours
Max. Marks: 75

## Section A <br> Answer any 10 ( 2 marks each)

1. What is Equivalent production?
2. What is abnormal effectives?
3. What you mean by Contribution?
4. What is meant by Key factor?
5. What is profit planning?
6. What is Flexible budget?
7. What is budget centre?
8. What is variance?
9. What is Calendar variance?
10. What is Ideal standard?
11. What is Non-Integrated accounting?
12. What is stores control account?
$(2 \times 10=20)$

## Section B

Answer any 5 (5 marks each)
13. Define joint product and by product. Give two examples of each
14. Prepare a statement of equivalent production, statement of cost, process account from the following information using average costing method.
Opening Stock 50000 Units
Material Rs. 25000
Labour Rs. 10000
Overheads Rs. 25000
Units Introduced 2000000 Units
Material Rs. 100000
Wages Rs. 75000
Overheads Rs. 70000
During the period 1,50,000 units were completed and transferred to Process II. Closing stock 1,00,000 units. Degree of completion. Material 100\% Labour 50\% Overheads 40\%
15. Explain the importance of angle of incidence.
16. From the following, find out:
a) $P / V$ ratio
b) $B E P$
c) Sales for $40 \% \mathrm{P} / \mathrm{V}$ ratio
d) MOS from the sales Rs. $3,00,000$
e)Net profit from the sales of Rs. $3,00,000$
f) Required sales for the net profit of Rs.70,000
g) Required sales for the net profit of Rs. 70,000 after tax, the corporate tax rate being 60\%
h)Additional sales required to cover an increase of Rs. 3000 p.a in the sales manager's salary position of the company for the year 2004

|  | Rs. |
| :--- | ---: |
| Sales | 200000 |
| Variable oh | 150000 |
| Contribution | 50000 |
| Fixed oh | 15000 |
| Net profit | 35000 |

17. 

$A, B, C$ Ltd. manufactures a single product for which market demand exists for additional quantity. Present sales of Rs. 60,000 per month utilises only $60 \%$ capacity of the plant. Sales manager assures that with a reduction of $10 \%$ in the price he would be in a position to increase the sale by about $25 \%$ to $30 \%$.
The following data are available:
a) Selling Price
Rs. 10 per unit
b) Variable Cost
Rs. 3 per unit
c) Semi-variable cost
Rs. 6,000 fixed plus Rs. 0.50 per unit
d) Fixed Cost
Rs. 20,000 at present level estimated
to be Rs, 24,000 at $80 \%$ output.
You are required to submit the following statements to the board showing:

1) The operating profit at $60 \%, 70 \%$ and $80 \%$ levels at current selling price and at proposed selling price.
2) The percentage increase in the present output which will be required to maintain the present profit margin at the proposed selling price.
18. From the following particulars, calculate Labour Variance:

Standard hours $=200$
Standard rate for actual production $=$ Re. 1 per hour
Actual hour $=190$
Actual Rate = Rs. 1.25 per hour
19. Explain the significance of standard costing as a technique of cost control.
20. From the following information, you are requested to prepare necessary accounts and trial balance under the system of integrated accounts in the books of XYZ Co.Ltd.

Material purchased on credit
Wages paid
Wages productive
Wages unproductive
Materials issued to production
Works expenses incurred
Finished goods at cost
Works expenses charged to production
Administration expenses paid
Administration expenses charged to production
Selling overheads paid and charged to sales
Cash sales

29,600
33,600
29,600
4,000
25,600
13,000
60,000
17,200
8,800
8,700
9,000
78,000
(5 $\times 5=25$ )

## Section C

## Answer any 3 (10 marks each)

21. The product of a company passes through 3 distinct process. The following information is obtained from the accounts for the month ending January 31, 2018.

| Particulars | Process - A | Process - B | Process - C |
| :--- | :--- | :--- | ---: |
| Direct Material | 7800 | 5940 | 8886 |
| Direct Wages | 6000 | 9000 | 12000 |
| Production Overheads | 6000 | 9000 | 12000 |

3000 units @ Rs. 3 each were introduced to process - I. There was no stock of materials or work in progress. The output of each process passes directly to the next process and finally to finished stock $A / c$.
The following additional data is obtained :

| Process | Output | Percentage of <br> Normal Loss to <br> Input | Value of Scrap per unit <br> (Rs.) |
| :--- | :---: | :---: | :---: |
| Process - I | 2850 | $5 \%$ | 2 |
| Process - II | 2520 | $10 \%$ | 4 |
| Process - III | 2250 | $15 \%$ | 5 |

Prepare Process Cost Account, Normal Cost Account and Abnormal Gain or Loss Account.
22. An automobile manufacturing company finds that while the cost of making in its own workshop part No. 0038 is Rs. 6.00 each, the same is available in market at Rs 5.60 with an assurance of continuous supply. Write a report to the Managing Director giving your views whether to make or buy this part. Give also your views in case the suppliers reduce the price from Rs 5.60 to Rs 4.60.The cost data is as follows:
Rs

Materials 2.00
Direct Labour 2.50
Other variable costs 0.50
Depreciation and other fixed costs 1.00
23. What do you mean by 'Principal Budget Factor'? Explain with illustrations.
24. RR\& Co. Ltd. manufacture a simple product the standard mix of which is:

Material x $60 \%$ at Rs. 20 per kg
Material x $40 \%$ at Rs. 10 per kg
Normal loss in production is $20 \%$ of input. Due to shortage of material X, the standard mix was changed. Actual results for March 2003 were :
Materials X 105 Kg at Pro 20 per Kg
Materials Y 95 Kg at Pro 3 per Kg
Input 200 Kg
Loss 35 Kg
Output 165 Kg
Calculate:
(1) Material price variance
(2) Material usage variance
(3) Material mix variance and
(4) Material yield variance
25. From the following informations calculate (a) Calendar Variance (b) Capacity Variance (c) Efficiency Variance and (d) Volume Variance:

Actual Overheads Rs. 1,800
Budgeted Overheads Rs. 2,000
Budgeted period 4,000 labour hours
Standard hours per unit 10 labour hours
Budgeted number of days 20
Standard overhead per hour Re. 0.50
Actual number of days 22
Actual hours 4,300
Actual production 425 units.

