Reg. No .....

Name .....

M. COM DEGREE END SEMESTER EXAMINATION - MARCH/APRIL 2019 SEMESTER 4 : COMMERCE

## COURSE : 16P4COMT16EL : ADVANCED COST ACCOUNTING

(For Regular - 2017 Admission and Supplementary - 2016 Admission)

**Time : Three Hours** 

Max. Marks: 75

## Section A 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.

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16. From the following, find out:

a) P/V ratio

b) BEP

c) Sales for 40% P/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.

, 8	
Material purchased on credit	29,600
Wages paid	33,600
Wages productive	29,600
Wages unproductive	4,000
Materials issued to production	25,600
Works expenses incurred	13,000
Finished goods at cost	60,000
Works expenses charged to production	17,200
Administration expenses paid	8,800
Administration expenses charged to production	8,700
Selling overheads paid and charged to sales	9,000
Cash sales	78,000

(5 x 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 Normal Loss to Input	Value of Scrap per unit (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:

D-

	Ks
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.

RR& Co. Ltd. manufacture a simple product the standard mix of which is:

24.

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.

(10 x 3 = 30)