Reg. No .... Name ....

M. COM DEGREE END SEMESTER EXAMINATION - MARCH 2020

SEMESTER 4 : COMMERCE

COURSE : **16P4COMT16EL : ADVANCED COST ACCOUNTING**

(For Regular - 2018 Admission & Supplementary 2017/2016 Admissions)

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 is incremental cost?
4. What is Cost indifference point?
5. Give three assumptions of Break-even chart.
6. What is principal budget factor?
7. What is Master budget?
8. What is Sales value variance?
9. What is efficiency variance?
10. What is Material cost variance?
11. What is Non –Integrated accounting?
12. What is stores control account?

(2 x 10 = 20)

Section B
Answer any 5 (5 marks each)

13. From the following information for March,2012 prepare process cost accounts for process II by applying FIFO method.
    Opening stock: 600 units Rs.1050
    Degree of completion: Materials-80%, labour-60%, overhead-60%.
    Transfer from process I – 11000 units at Rs.5,500
    Transfer to process III – 8800 units
    Direct Material added to process II – Rs.2410
    Direct Labour amounted to Rs.7155
    Production overhead incurred Rs.9540
    Units scrapped – 1200
    Degree of completion materials – 100%, labour – 70% and overhead – 70%
    Closing stock 1600 units
    Degree of completion- material – 70%, labour – 60% and overhead – 60%
    There was a normal loss in the process of 10% of production. Units scrapped realized at 50 paise per unit.
14. 100 units are introduced in to a process at a cost of Rs.4800 and an expenditure of Rs.2400 incurred.Wastage is 15% of input having scrap value of Rs.10 per unit. Actual output is 80 units. Calculate the value of abnormal loss.

15. Alkor Ltd. manufacture themselves four types of products under the brand name A, B, C & D. The mix in the value comprises 33 1/3 %, , 41 2/3 %, , 16 2/3%, & 8 1/3% of A, B, C & D respectively. The total budgeted sales are (100%) Rs.60000/- per month. The operating cost are

Variable Cost
- Product A -60% of Selling Price.
- Product B- 68% of Selling Price.
- Product C - 80% of Selling Price.
- Product D – 40% of Selling Price.

Fixed Cost- Rs.14700/- per month.

a. Calculate BEP for the products on an overall basis
b. It has been proposed to change the sales mix as follows: The total per month remains Rs.60000/- , Product A 25%, Product B 40% , Product C 30%, Product D 5%.

Assume that the proposal is implemented , calculate BEP.

16. How P.V.Ratio guide managerial decisions?

17.

The selling expenses of a business for a particular budget period are:

Sales office salaries	Rs. 4000
Fixed expenses of sales office	Rs. 3000
Amount allocated for advertisement	Rs. 4000
Traveller's remuneration:	
Fixed salaries and car allowance	Rs. 12,000

Travellers commission 1% of sales affected by him.
Agents commission 7 $_{1/2}$ % of sales affected by him.
Prepare a selling overhead budget for the following level of sales for the period.
Rs. 2.80,000 including agent's sales Rs. 30,000.
Rs. 3,20,000 including agent's sales Rs. 35,000.
Rs. 3,60,000 including agent's sale Rs. 35,000.

18. Give the accounting treatment of standard cost.

19. From the following information, calculate Sales Mix Variance for the month of May 2015

Products	Standard cost of sales/unit	Standard			Actual		
		Qnty.	Rate	Amount	Qnty.	Rate	Amount
A	10.00	100	12.00	1,200	100	11.00	1,100
B	9.40	50	12.00	600	50	12.00	600
C	7.50	100	9.00	900	200	8.50	1,700
D	4.00	75	6.00	450	50	6.00	300
Total		325		3,150	400		3,700

20. Explain the basic requirements of an integrated system of accounting

(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.

Present the following information to show to the management

1. Marginal product cost and contribution per unit
2. The total contribution and profit resulting from each of the following sales mixture
3. The proposed sales mix to earn a profit of Rs 250 and Rs.300 with total sales of A & B being 300 units

Particulars	Product A	Product B
Direct material (per unit)	10	9
Direct wages (per unit)	3	2
Selling price (per unit)	20	15

Fixed expenses Rs.800

Variable expenses are allocated to product as 100% of direct wages

Sales mixture

a. 100 units of product A and 200 units of product B
b. 150 units of product A and 150 units of product B
c. 200 units of product A and 100 units of product B

Recommend which of the following sales mixture should be adopted.

23. A factory is manufacturing three products A,B & C. The company maintains costing records of these three products on variable costing basis and also on absorption costing basis. The financial accountant suggested the chief of the factory to close the production of item C, as it was running at loss and only A & B were making profit.

Do you think that the financial statements is right ? If you disagree, give your answers, as a cost accountant, in support of your arguments.

24. The annual flexible budget of a company is as follows:

Costs: (Rs thousands)	60%	80%	100%
Direct Material	180	240	300
Direct Wages	240	320	400
Factory Overheads	126	138	150
Administration Overheads	62	66	70
Selling & Distribution Overheads	68	74	80
Total	676	838	1000

On account of severe competition in the market, the company is presently operating only at 50% capacity, The sales value of production at current prices charged by the company being Rs. 6.00 lakhs. It is anticipated that a 10% discount in the selling price will enable the company to improve its competitive position thereby enabling the company to operate at 75% capacity. Present a suitable statement to the management analysing the implications and giving your recommendations.

25. RR& Co. Ltd. manufacture a simple product the standard mix of which is:
Material x 60% at Rs. 20 per kg
Material y 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 Rs 20 per Kg
Materials Y 95 Kg at Rs 9 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

(10 x 3 = 30)