

M.COM. DEGREE END SEMESTER EXAMINATION MARCH 2016**SEMESTER: 4 - COMMERCE.**

COURSE: P4COMT16EL - ADVANCED COST ACCOUNTING

Time: Three Hours

Maximum Marks: 75

SECTION A(Answer **all questions**. Each question carries 2 marks)

1. What is Inter process profit?
2. What do you mean by Co-products?
3. Distinguish between joint products and by-products
4. What is margin of safety?
5. What is Variance analysis?
6. What is the purpose of calculating sales mix variance?
7. What is ZBB?
8. What is Master budget?
9. What is the purpose of preparing flexible budget?
10. What is Memorandum reconciliation account?

(2 x 10 = 20)

SECTION B(Answer any **five** questions. Each question carries 5 marks)

11. Wintek Limited manufactures three products P, Q and R. Cost and revenue details of these products are as follows.

Particulars	Product P	Product Q	Product R	Total
				27,00
Joint cost				0
Post separation expenses	7,00	4,00	5,00	16,00
				1,00
Selling expenses				0
				44,00
Total cost				00
	24,00	15,00	20,00	59,00
Sales value	00	00	00	0
Percentage of profit on sales	25%	20%	30%	

Prepare a statement showing the apportionment of joint expenses of manufacture over the different products. Assume that selling expenses are apportioned on sales value.

12. Calculate (a) Variable cost per unit and (b) Net profit if:

B.E.P. = 1,500 units, Fixed Cost = Rs. 3,000 and Sales = Rs. 40,000
(4,000 units @ Rs. 10).

13. From the following data, construct a Profit volume chart and show B.E.P.

Present sales (10,000 units @ Rs. 30) = Rs. 3,00,000

Net profit = Rs.40,000 Variable Cost = Rs.20

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

Products	Standard			Actual		
	Quantity	Rate	Amount	Quantity	Rate	Amount
A	1,000	100	1,00,000	1,200	18	15,840
B	700	200	1,40,000	800	20	17,600
C	500	300	80,000	600	38	1,00,320
D	300	500	1,50,000	400	600	2,40,000
	2,500		5,40,000	3,000		6,90,000

15. Cost records of Info Kairali showed a profit of Rs. 1,88,493 for the year ended 31 March 2015. The financial accounts, however, disclosed a profit of Rs. 1,89,994 for the same period. The following information was revealed as a result of analysis to find the differ

a)	Over-recovery of Factory overheads	560
b)	Under-recovery of Administrative overheads	2,500
c)	Over-recovery of Selling overheads	5,300
d)	Goodwill written off	2,500
e)	Interest on investments	100
f)	Provision for income tax	4,100
g)	Dividend paid	3,000

)		0
h	Preliminary expenses	2,20
)		0
i)	Closing stock overvalued in financial accounts	3,9
		42

Prepare a reconciliation statement showing the reasons for the difference in profits

16. How normal loss is treated in Process Accounts?

17. Explain the accounting treatment of Abnormal Gain

18. What are the advantages of Zero-based Budgeting?

19. Smart Ltd. has furnished the following information related to the month of January 2016.

Particulars	Budg et	Actu al
Production (Output in Units)	30,00	32,5
Working Hours in January 2016	30,00	33,0
	0	00
	45,00	50,0
Fixed Overhead (Rs.)	0	00
Working days	25	26

You are required to calculate the following Fixed Overhead Variances:

- (a) Cost Variance (b) Efficiency variance (c) Capacity Variance and (d) Calendar Variance

20. Hindustan Castings Limited manufactures cast iron pipes in 3 grades as soft, medium and hard, which are the outputs of Process A, Process B and Process C respectively. The following details are extracted from the cost records of the firm during January 2016.

You are required to prepare Process accounts and abnormal gain/loss accounts.

	Process A	Process B	Process C
Main raw materials - 10,000 tones @ Rs. 100	Rs. 10,00,000		
Sundry materials	Rs. 10,000	Rs. 15,000	Rs. 5,000
Manufacturing wages	Rs. 30,000	Rs.	Rs.

		80,000	65,000
		Rs.	Rs.
Manufacturing expenses	Rs. 6,000	18,150	27,200
Normal loss of input in the process	5%	15%	20%
Realisable value of scrap (per tonne)	Rs. 2	Rs. 5	Rs. 10
Actual output (tonnes)	9,300	5,400	2,100
Selling price of output per tonne	Rs. 120	Rs. 165	Rs. 250
Proportion of output passed to the next process	2/3	1/2	-
Proportion of output sold in the market	1/3	1/2	Full

21. The following data were extracted from Petcare Pharma

	Product A	Product B
Sales (Per unit)	Rs. 100	Rs. 120
Material @ Rs. 5 per Kg	Rs. 10	Rs. 15
Direct wages @ Rs. 5 per hour	Rs. 15	Rs. 10
Direct expenses	Rs. 10	Rs. 15
Variable Overheads	Rs. 15	Rs. 20
Fixed overheads (Per unit)	Rs. 5	Rs. 10
Machine hours used	3	2

a) Which product should be produced more when:

- i. Total sales potential in units is limited
- ii. Total sales potential in value is limited
- iii. Skilled workers are in short supply
- iv. Plant capacity (machine hours) is the limiting factor

b) Assuming the raw material is the key factor, availability of which is 10,000 Kgs and the maximum sales potential of each product is being 3,500 units, find out the product mix which will yield the maximum profit

22. Indicate the possible reasons for the difference in profits between cost and financial accounts.

(15 x 2 = 30)
