Reg. No ..... Name **21P4009**

M. COM DEGREE END SEMESTER EXAMINATION - APRIL 2021

SEMESTER 4 : COMMERCE

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

(For Regular - 2019 Admission & Supplementary - 2018/2017/2016 Admissions)

Time : Three Hours Max. Marks: 75

PART A

Answer any 10 (2 marks each)

1. What is Equivalent production?
2. What is abnormal effectives?
3. What is meant by CVP analysis?
4. What you mean by Contribution?
5. Give three ways by which P/V Ratio can be improved
6. What is Master budget?
7. What are the essentials of budgetary control?
8. What is Normal standard?
9. What is yield variance?
10. What is Calendar variance?
11. What you mean by Integral accounting?
12. What is stores control account?

(2 x 10 = 20)

PART B

Answer any 5 (5 marks each)

13. From the following details, prepare statement of equivalent production, statement of cost, statement of evaluation and process A/c by following FIFO method.

    Opening work-in-progress (2000 units):

Materials (100% complete)	Rs. 5000
Labour (60% complete)	Rs. 3000
Overheads (60% complete)	Rs. 1500
Units introduced into the process	Rs. 8000

    There are 2000 units in progress and the stage of completion is estimated to be:

Materials	100%
Labour	50%
Overheads	50%

    8000 units are transferred to the next process:

    The process costs for the period are:

Materials	Rs.96000
Labour	Rs. 54600
Overheads	Rs. 31200

14. 10000units of raw materials are introduced into a process at a cost of Rs. 20000. Wages and overheads for the process are Rs.5100 and Rs.3400 respectively. 7500 units were completed, of the remaining 2500 units, on an average 40% work has been done.Ascertain the cost of one complete unit.
15. Indian Plastics make plastic buckets. An analysis of their accounting reveals Variable Cost per bucket – Rs.20/-

    Fixed Cost – Rs.50,000 for the year

    Capacity – 2,000 buckets per year

    Selling Price per bucket – Rs.70. Find:

1. BEP
2. Number of units to be sold to get a profit of Rs.30,000
3. If company can manufacture 600 buckets more per year with an additional Fixed Cost of Rs.2,000. What should be the Selling Price to maintain the profit per bucket as at (2) above.

16. What are the assumptions of Break even chart?

17. From the following forecast information , prepare cash budget for the months April, May and June 2006

Months	Sales(Rs)	Purchases(Rs)	Expenses on Wages(Rs)	Other Expense(Rs)
2006 February	90,000	66,000	4,000	6,000
2006 March	80,000	60,000	4,000	6,000
2006 April	96,000	88,000	6,000	7,000
2006 May	1,00,000	60,000	5,000	8,000
2006 June	1,20,000	70,000	6,000	7,200

Additional information:
(1)Customers are allowed a credit of one month.
(2)Creditors allow a time lag of 2 months for making payment.
(3)Wages of a month are paid in next month
(4)Other expenses of a month are paid in the first week of next month
(5)A machinery is to be bought for cash in May for Rs. 32,000.
(6)Balance of cash on 1 st April 2006 is Rs 8,000.
(7)All purchases and sale are on credit terms.

18. What are the preliminaries to the establishment of standard cost?

19. From the data given below calculate all material variances:

Raw Material	STANDARD	ACTUAL
A	40 units @ rs.50 /unit	50 units @ rs.50/unit
B	60 units @rs.40/unit	60 units @ rs.40/units

Calculate Material Cost Variance from the following information:
Standard Price of material per kg = Rs. 4
Standard Usage of materials = 800 kgs
Actual Usage of materials = 920 kgs
Actual Price of materials per kg = Rs. 3
Actual Cost of materials Rs. 2,760
Standard cost of material for actual production Rs. 3,200

20. Explain various accounts and journal entries to be passed in integral accounting

(5 x 5 = 25)

PART C
Answer any 3 (10 marks each)

21. Product X is obtained after it passes through three distinct processes. You are required to prepare necessary Accounts from the following information.
Process

	Total	I	II	III
Material	15,084	5,200	3,960	5,924
Direct Wages	18,000	4,000	6,000	8,000
Production Overheads	18,000			

1,000 units @ Rs.6 per unit were introduced in process I.
Production Overhead to be distributed as 100% on Direct Wages.

	Actual Output (units)	Normal loss	Value of scrap per unit
Process I	950	5%	Rs. 4
Process II	840	10%	8
Process III	750	15%	10

22. Explain the managerial applications of marginal costing.

23. The following data were extracted from Himalaya Pharma

	Product X	Product Y
Sales (Per unit)	Rs. 200	Rs. 240
Material @ Rs. 5 per Kg	Rs. 20	Rs. 30
Direct wages @ Rs. 10 per hour	Rs. 30	Rs. 20
Direct expenses	Rs. 10	Rs. 15
Variable Overheads	Rs. 30	Rs. 40
Fixed overheads (Per unit)	Rs. 10	Rs. 20
Total cost per unit	Rs. 100	Rs. 125
Net profit (Per unit)	Rs. 100	Rs. 115
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 25,000 Kgs and the maximum sales potential of each product is being 4,000 units, find out the product mix which will yield the maximum profit.

24. From the information given below prepare flexible budget at 60 and 80 percent capacities, and fix the total overhead rates as a per cent on direct wages at these capacities.

	At 60 % capacity (Rs)	At 75 % capacity(Rs)	At 80 % capacity(Rs)
Variable overheads:			
Indirect materials		7,500	
Indirect labour		22,500	
Semi variable overheads:			
Electricity (40 % fixed, 60 % variable)		37,500	
Repairs and maintenance (80 % fixed,20 % variable)		3,750	
Fixed overheads:			
Salaries		1,00,000	
Insurance		5,000	
Depreciation		25,000	

Estimated direct wages, Rs 40,250 at 75 % capacity.

25. A gang of workers normally consists of 30 men, 15 women and 10 boys. They are paid at standard hours rates as under:
Men -Re. 0.80
Women-Re. 0.60
Boys-Re. 0.40
In a normal week of 40 hours, the gang is expected to produce 2000 units of output. During the weekend 31" December 2003, the gang consisted of 40 men, 10 women and 5 boys. The actual wages paid were @Re. 0.70, Re. 0.65 and Re. 0.30 respectively. 4 hours were lost due to abnormal idle time and 1600 units were produced.
Calculate: (1) Wage variance (2) Wage rate variance (3) Labour efficiency variance (4) Gang composition variance
(i.e., Labour mix variance) and (5) Labour idle time variance.

(10 x 3 = 30)