

Reg. No .....

Name .....

18P409

**M. COM DEGREE END SEMESTER EXAMINATION - MARCH 2018**  
**SEMESTER 4 : COMMERCE**  
**COURSE : 16P4COMT16EL ; ADVANCED COST ACCOUNTING**  
*(For Regular - 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 effective?
3. What is meant by Composite BEP?
4. What is Relevant cost?
5. Give Marginal Costing Equation
6. Define budget
7. What is current budget?
8. What is Normal standard?
9. What is Sales value variance?
10. Define Standard Costing
11. What is Cost ledger accounting?
12. What are the need for control accounts?

**(2 x 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. What are the assumptions of Break even chart?
16. Comment on the relative profitability of the following two products if i) there is no key factors and ii) output is the key factor

Production cost per unit  
*Product A (Rs)                      Product B(Rs)*

Materials	200	150
Wages	100	200
Fixed Overhead	350	100
Variable Overhead	150	200
Profit	200	350
Total	1,000	1,000
Output per week	200	200

17. Explain the steps of budgetary control
18. What are the preliminaries to the establishment of standard cost?
19. A Company has normal capacity of 100 machines working 8 hours per day of 25 days in a month.  
The budgeted fixed overheads of a month are Rs. 1,50,000. The Standard time required to manufacture one unit of product is 4 hours. In a particular month, the company worked for 24 days of 750 machine hours per day and produced 4,500 units of the product. The actual fixed overheads incurred were Rs. 1.45,000.  
Compute:  
(a) Efficiency Variance  
(b) Capacity Variance  
(c) Calendar Variance  
(d) Expenditure Variance  
(e) Volume Variance  
(f) Total Fixed Overhead Variance
20. Explain the advantages of maintaining cost ledger.

**(5 x 5 = 25)**

**Section C**  
**Answer any 3 (10 marks each)**

21. Product X is obtained after it passes through three processes. Following particulars relate to the processes.

Particulars	Total	Process I	Process II	Process III
Materials (Rs.)	49200	15000	8500	25700
Direct Wages (Rs.)	36000	8000	12000	16000
Production overheads (Rs.)	36000			
Actual output(units)		950	840	750
Normal loss		5%	10%	15%
Scrap value per unit (Rs.)		8	16	20

1000 units @ Rs 12 per unit were introduced into Process I. Production overhead is to be apportioned as 100% on direct wages. Prepare necessary process accounts.

22. Explain the managerial applications of marginal costing.
23. A company expects to have Rs 37,500 cash in hand on 1<sup>st</sup> April 2006 and requires you to prepare an estimate of cash position during the three month, April to June , 2006.The following information is supplied to you:

	Sales	Purchases	Wages	Factory expenses	Office expenses	Selling expenses
February	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
June	1,35,000	60,000	14,250	14,000	7,000	7,000

## Other Information:

- 1) Period of credit allowed by suppliers-2 months.
- 2) 20 % of the sales is for cash and period of credit allowed to customers for credit sales is one month.
- 3) Delay in payment of all expenses-1 month.
- 4) Income Tax of Rs.57, 500 is due to be paid on June 15, 2006.
- 5) The company is to pay dividends to shareholders and bonus to workers of Rs.15, 000 and Rs 22,500 respectively in the month of April.
- 6) Plant has been ordered and is expected to be received and paid in May. It will cost Rs 1, 20, 000.

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. Smart Ltd. has furnished the following information related to the month of January 2016.
- | Particulars                   | Budget | Actual |
|-------------------------------|--------|--------|
| Production(Output in Units)   | 30000  | 32500  |
| Working Hours in January 2016 | 30000  | 33000  |
| Fixed Overhead (Rs.)          | 45000  | 50000  |
| 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.

**(10 x 3 = 30)**