

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. CBCS (SEMESTER – VI) EXAMINATION, AUGUST 2020
COST AND MANAGEMENT ACCOUNTING
ADVANCED MANAGEMENT ACCOUNTING (DSE 7B)

Duration:- 2 Hours

Marks: 30

Instructions; 1) All questions are compulsory.
2) Give working notes wherever is necessary.

Q. 1) Answer any FIVE from the following: (5x2 = 10)

- a) Marginal costing
- b) Margin of safety
- c) Contribution
- d) Power house costing
- e) Hotel costing
- f) Cost driver
- g) Activity based costing
- h) Cost pools

Q. 2) Answer any FOUR from the following: (4x5 = 20)

a) What is strategic cost management? Enumerate the tools of strategic cost management.

b) ABC Ltd. provides the following information for the year ended 31st December, 2019:

Sales	₹ 1,50,000
Fixed cost	₹ 45,000
Profit	₹ 30,000

Ascertain i) P/V Ratio and ii) Break Even Point in Sales.

c) Ajay Ltd. manufactures and sells a product A. The selling price of the product is ₹ 36. The information about the cost per unit of the product is given as under;

Material	15.00
Direct labour	09.00
a) Prime cost	24.00
Factory overheads (50% fixed)	03.00
Office overheads (10% variable)	02.00
Selling overheads (75% variable)	01.00
b) Cost of sale	30.00

The company received a foreign order for 1,500 units at a selling price of ₹ 30.00. State whether the order should be accepted with reasons.

d) Arvind manufacturing firm has set up its own power generating plant for efficient running of its production units in the factory. Prepare an Operating Cost Sheet showing the cost of electricity generated per unit KWh. from the following information during a month:

	₹
Coal consumed	5,40,000
Water consumed	3,75,000
Consumable stores	45,000

contd....2/-

Salaries to staff	2,00,000
Wages to workers	80,000
Repairs and Maintenance of plants	25,000
Miscellaneous expenses	5,000

Depreciation on;

i) Steam boiler @ 10% on cost of steam boiler of ₹ 18,00,000.

ii) Generating plant @ 5% on cost of plant of ₹ 40,00,000.

No. of units generated 1,00,000.

e) Tar Hotel has two types rooms viz., X and Y. From the following information, prepare a statement showing the rent to be charged for each type of room:

i) The expenses incurred during the year are;

Expenses	₹
Staff salary	4,40,000
Room attendant's salary	1,00,000
Decoration	60,000
Electricity	15,000
Repairs and Maintenance	32,000
Other expenses	12,000

ii) **Additional information;**

a) There are 25 X type rooms and 40 Y type rooms in the hotel.

b) The rent of X type rooms is to be fixed as 2 times of the Y type rooms.

c) Normally 60% of X type rooms and 80% of Y type rooms are occupied throughout the year.

d) No. of months and No. of days in a month may be taken as 12 months and 30 days respectively.

e) Profit on cost is 25%.

f) The overheads, cost drivers and volume of cost drivers of PQR Ltd. for the year ended 31st March, 2020 are as follows:

Activities	Overheads	Cost Drivers	Volume of cost drivers
Materials purchased	2,25,000	No. of orders	750
Materials handling	1,00,000	No. of movements	250
Set - up	75,000	No. of set-ups	200
Machinery	2,50,000	Machine hours	5,000
Repairs & Maintenance	2,50,000	Maintenance hours	2,500
Inspection	50,000	No. of inspections	250

Calculate the cost driver's rate from the above information :

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