



SDV – 09

M.Com. (Semester – III) Examination, November 2012  
ACCOUNTING AND FINANCE  
CO 3A4 : Advanced Cost Accounting

Duration : 2 Hours

Max. Marks : 50

- Instructions:** 1) Answer **all** the questions.  
2) Marks are indicated against **each** question.

1. Write short notes on the following : (5×2=10)

- i) Cost reduction
- ii) Flexible budget
- iii) Zero based Budgeting
- iv) Determine BEP and Margin of Safety if sales is Rs. 60,000 ; Variable cost is Rs. 30,000 and Fixed cost is Rs. 15,000.
- v) Calculate from the following figures :

Budgeted production	440 units
Standard Hours Per Unit	5
Actual Production	375 units
Actual Working Hours	3000

2. a) What is Cost Accounting ? Differentiate Cost Accounting and Financial Accounting. 10

OR

b) Why is inter-firm comparison desirable ? What are the essential points that should be considered in inter-firm comparison ? What are its advantages ? 10

3. a) i) Discuss the distinguishing features of a process cost system. 5  
ii) Differentiate between process costing and job costing. 5

OR

b) Define budgetary control and distinguish it from standard costing. Discuss the inter relationship between budgetary control and standard costing system. 10

P.T.O.



4. a) A company is producing an identical product in two factories. The following are the details in respect of both the factories :

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	Factory X	Factory Y
Selling Price Per Unit	Rs. 50	Rs. 50
Variable Cost Per Unit	Rs. 40	Rs. 35
Fixed Cost	Rs. 2,00,000	Rs. 3,00,000
Depreciation included in above	Rs. 40,000	Rs. 30,000
Sales (Units)	30,000	20,000
Production Capacity (Units)	40,000	30,000

You are required to determine :

- BEP for each factory individually
- Which factory is more profitable ?
- Cash BEP for each factory individually
- BEP for company as a whole, assuming the present product mix

Note : BEP may be indicated in number of units.

OR

- b) AB Ltd., is engaged in the process engineering industry. During the month of April, 2012, 2000 units were introduced in Process X. The normal loss was estimated at 5% of input. At the end of the month 1,400 units had been produced and transferred to Process Y, 460 units were incomplete units and 140 units during the process had to be scrapped. The incomplete units had reached the following stage of completion :

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Material 75% completed  
Labour 50% completed  
Overhead 50% completed

Following is the further information in Process X :

Cost of the 2,000 units Rs. 58,000  
Additional Direct Material Rs. 14,400  
Direct Labour Rs. 33,400  
Direct Overhead Rs. 16,700

Units Scrapped realised Rs. 10 each

Prepare a statement of equivalent production, statement of cost, statement of evaluation and the Process X account.



5. a) Beta Engineering Company Limited manufactures two products X and Y. An estimate of the number of units expected to be sold in the first seven months of 2012 is given below :

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	Product X	Product Y
January 2012	500	1,400
February	600	1,400
March	800	1,200
April	1,000	1,000
May	1,200	800
June	1,200	800
July	1,000	900

It is anticipated that :

- 1) There will be no WIP at the end of any month
- 2) Finished units equal to half and anticipated sales for the next month will be in stock at the end of each month (including December 2011).

The budgeted production and production costs for the year ending 31st December, 2011 are as follows :

	Product X	Product Y
Production (units)	11,000	12,000
Direct material per unit (Rs.)	12	19
Direct wages per unit (Rs.)	5	7
Direct manufacturing charges apportionable to each type of product (Rs.)	33,000	48,000

You are required to prepare :

- i) A production budget showing the number of units to be manufactured each month.
- ii) A summarised production cost budget for the six-month period January to June 2012.

OR



b) From the following information about sales, calculate :

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- i) Total Sales Variance
- ii) Sales Price Variance
- iii) Sales Volume Variance
- iv) Sales Mix Variance

	Product	Standard rate in Rs. Per Unit	Rs.	Product	Actual rate in Rs. per unit	Rs.
A	5,000	5	25,000	6,000	6	36,000
B	4,000	6	24,000	5,000	5	25,000
C	3,000	7	21,000	4,000	8	32,000
	12,000		70,000	15,000		93,000