



SDV – 4

M.Com. (Semester – III) Examination, November 2013
ACCOUNTING AND FINANCE
CO3 A4 : Advanced Cost Accounting

Duration : 2 Hours

Max. Marks : 50

Instructions : 1) Answer *all* the questions.

2) **Marks** are indicated against *each* question.

3) Figures to **right** indicate **maximum** marks.

1. Write short notes on the following : (5×2=10)
- Cost centre.
 - Management audit.
 - Zero base budgeting.
 - From the following particulars, find out the selling price per unit if BEP is to be brought down to 9,000 units. Variable cost per unit ₹ 75, Fixed expenses ₹ 2,70,000, Selling price per unit ₹ 100.
 - A company has fixed expenses of ₹ 90,000, sales ₹ 3,00,000 and a profit of ₹ 60,000. Calculate the profit volume ratio. If in the next period the company suffered a loss of ₹ 30,000. Calculate the sales volume.
2. X) i) Explain various cost concepts. 5
ii) Explain the objectives of uniform costing system. 5
- OR
- Y) "The technique of marginal costing can be a valuable aid to management". Explain. 10
3. X) What do you mean by Budgetary Control ? What are its objectives ? 10
- OR
- Y) i) What is meant by process costing ? Where is it applied ? 5
ii) Explain the elements of process costing. 5

P.T.O.



4. X) Product X passes through three processes to completion. In the month of March, the costs of production were as follows :

	Total	Process I	Process II	Process III
	₹	₹	₹	₹
Direct material	16,964	4,000	6,040	6,924
Direct labour	24,000	6,000	8,000	10,000
Direct expenses	1,452	1,000	452	-
Production overhead	12,000			

1,000 units a ₹ 10 were issued to Process I. Output of each process was

Process I	920 units
Process II	870 units
Process III	800 units

Normal loss per Process was estimated as,

Process I	10%
Process II	5%
Process III	10%

The loss in each represented scrap which could be sold to a merchant at a value as follows :

Process I	₹ 6 per unit
Process II	₹ 10 per unit
Process III	₹ 12 per unit

There was no stock of material or work in progress in any department in the beginning or end of the period. The output of each process passes direct to the next process and finally to finished stock. Production overhead is allocated to each process on a basis of 50% of the cost of direct labour. Prepare process accounts and abnormal loss account.

10

OR



4. Y) The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% and 90% capacity.

Expenses at 50% capacity

Fixed expenses :	₹
Salaries	50,000
Rent and taxes	40,000
Depreciation	60,000
Administrative expenses	70,000
Variable expenses :	
Materials	2,00,000
Labour	2,50,000
Others	40,000
Semi variable expenses :	
Repairs	1,00,000
Indirect labour	1,50,000
Others	90,000

It is estimated that fixed expenses will remain constant at all capacities. Semi variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity, a further increase of 5% when capacity crosses 75%.

Estimated sales at various levels of capacity are :

Capacity	Sales (₹)
60%	11,00,000
70%	13,00,000
90%	15,00,000

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5. X) The information regarding the composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows :

Category of workers	Standards		Actual	
	No. of workers	Weekly wage Rate per worker	No. of workers	Weekly wage Rate per worker
		₹		₹
Skilled	75	60	70	70
Semi skilled	45	40	30	50
Unskilled	60	30	80	20

The work was completed in 32 weeks. Calculate various labour variances.

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OR



5. Y) A company with its head office in Mumbai has two factories situated at stations D and H. The data relating to the two factories are as follows :

Factories	D	H
Contribution margin ratio	40%	50%
Traceable fixed costs	₹ 12,50,000	₹ 10,50,000
Sales	₹ 36,25,000	₹ 19,00,000

The Head office expenses amount to ₹ 2,00,000.

Required :

- i) Analyze the data and state which of the factories should be closed down.
- ii) If the factory which you have recommended for closure desires to continue operations, what increase in sales target is necessary to justify continuance.

10

OR