

B - 699

(Pages : 03)

SDV - 32

[Total No. of Questions : 5]

M.Com. (Semester - III A/F) Examination, Nov. - 2011

ACCOUNTING AND FINANCE

CO3A4 : Advanced Cost Accounting

Duration : 2 Hours

Total Marks : 50

Instructions : 1) Answer all the questions.

2) Marks are indicated against each question.

Q1) Answer the following short notes:

[5 × 2 = 10]

- a) What do you mean by fixed costs?
- b) Why abnormal loss/gain does arise? How will you treat these in cost accounts?
- c) You are given the following information:

| | |
|----------------|--------------|
| Sales | Rs. 2,00,000 |
| Variable costs | Rs. 1,25,000 |
| Fixed costs | Rs. 90,000 |

 - i) Calculate Break even point
 - ii) Calculate how much the value sales must be increased for the company to break even.
- d) Define Budgetary Control?
- e) Given that the cost standard for material consumption are 40 kg. @ Rs. 10 per kg. Compute the Material Price Variance when actual are: 48 kg. @ Rs. 12 per kg.

Q2) a) What are the limitations of Financial Accounting? How far Cost Accounting has contributed in removing the defects of Financial Accounting [10]

OR

b) Explain the various costs used in decision-making and explain their characteristics. [10]

Q3) a) Define cost audit. State the essentials of cost audit and give an analysis of functions of cost audit in respect of materials, labour and overheads. [10]

OR

b) "Flexibility in a budget is an aid to coordination, while the budgetary control is an instrument of coordination" Explain. [10]

P.T.O.

Q4) a) The following figures related to single industrial process: [10]

| | | |
|-------------------|--------------|-----------|
| Opening stock: | 10,000 units | |
| Material | | Rs. 2,250 |
| Wages | | Rs. 650 |
| Overheads | | Rs. 400 |
| Units introduced: | 40,000 units | |
| Material | | Rs. 9,250 |
| Wages | | Rs. 4,600 |
| Overheads | | Rs. 3,100 |

During the period 30,000 units were completed and 20,000 units remained in process.

The degree of completion of closing stock was as under:

| | |
|-----------|------|
| Materials | 100% |
| Labour | 25% |
| Overheads | 25% |

Calculate equivalent production, cost per unit and prepare process account.

OR

b) The following information is available in respect of a concern: [10]

| Year | Total Sales | Total Cost |
|------|-------------|------------|
| | Rs. | Rs. |
| 2010 | 1,00,000 | 85,000 |
| 2011 | 1,20,000 | 97,000 |

You are required to find out:

- P/V Ratio
- Fixed Costs
- Break-even point
- Profit at an estimated sales of Rs. 1,25,000 and
- Sales required to earn a profit of Rs. 20,000.

B - 699

-3-

SDV - 32

Q5) a) From the following data at a production of 60% capacity, prepare a budget for production at 80% and 100% capacity: [10]

| | |
|----------------------------|------------------------|
| Production at 60% activity | 600 units |
| Materials | Rs. 100 per unit |
| Labour | Rs. 40 per unit |
| Direct Expenses | Rs. 10 per unit |
| Factory overheads | Rs. 40,000 (40% fixed) |
| Administrative Expenses | Rs. 30,000 (60% fixed) |

OR

b) You are given: [10]

| Particulars | Standard | Actual |
|---------------------------------------|----------|--------|
| Output in units | 2000 | 2500 |
| Number of workers employed | 50 | 60 |
| Number of working days in a month | 20 | 22 |
| A verage wage per man per month (Rs.) | 280 | 330 |

- Calculate: i) Labour Rate Variance
ii) Labour Efficiency Variance and
iii) Labour Cost Variance.

Q2) a) What are the limitations of Financial Accounting? How far Cost Accounting has contributed in removing the defects of Financial Accounting. [10]

OR

b) Explain the various costs used in decision-making and explain their characteristics. [10]

Q3) a) Define cost audit. State the essentials of cost audit and give an analysis of functions of cost audit in respect of materials, labour and overheads. [10]

OR

b) "Flexibility in a budget is an aid to coordination, while the budgetary control is an instrument of coordination" Explain. [10]

R.T.O.