

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS
B.COM. CBCS (Semester – VI) Examination, JUNE 2022
ADVANCED MANAGEMENT ACCOUNTING (DSE – 7B)

Duration: 2 Hours

Total Marks: 80

Instructions: 1) *Question No. 1 is compulsory.*

2) *Answer any **three** questions from Q. N. 2 to Q. No. 6.*

3) *Give **working notes** wherever necessary.*

Q. 1) Aarti hotel has two types of rooms viz., A and B. Prepare a statement of the rent to be charged for each type of rooms from the following information for the year ended 31st March, 2021;

- 1) Staff salary Rs. 1, 10, 000
- 2) Room attendants' salary Rs. 46, 575
- 3) Lighting Rs.27, 700
- 4) Power charges Rs.13, 850
- 5) Repairs and maintenance Rs. 21, 000
- 6) Decoration Rs.25, 000
- 7) General expenses Rs. 38, 275
- 8) **Depreciation on**
 - a) Building @ 5% on cost of building of Rs. 7 lakhs
 - b) Furniture @10% on cost of furniture of Rs. 1.5 lakhs.

Other information;

- i) The rent of 'A' type rooms is to be fixed as one and half times of the 'B' type rooms.
- ii) There are 10 'A' type rooms and 15 'B' type rooms in the hotel.
- iii) Normally 60% of 'A' type rooms and 80% of 'B' type rooms are occupied in summer and in winter 20% of 'A' type rooms and 40% of 'B' type rooms are occupied.
- iv) Summer may be assumed for 7 months and winter for 5 months in a year.
- v) Normal days in a month may be taken as 30 days.
- vi) Profit on cost is 25%.

(20 Marks)

Q. 2) XYZ Ltd. manufactures and sells product 'Z'. It supplies the following Information for Period I and Period II on its product 'Z';

Period	Sales(Rs.)	Profit(Rs.)
I	1, 20, 000	10, 000
II	1, 40, 000	14, 000

The cost structure and selling price remain the same in Period I and Period II.

Find out i) P/V Ratio, ii) Fixed Cost, iii) BEP for Sales, iv) Sales required to earn a profit of Rs. 20, 000 and v) Profit when sales are of Rs. 1, 00, 000 for the Period I. **(20 Marks)**

Q. 3) The cost pool, budgeted overhead, cost driver and volumes of Aaj Ltd are as follows;

Cost Pool	Overheads	Cost Driver	Volumes
Material purchased	4, 50, 000	Orders	1, 500
Material handling	2, 00, 000	Movements	500
Set-up	1, 50, 000	Set-ups	300
Machinery	5, 00, 000	Machine hours	10, 000
Maintenance	5, 00, 000	Maintenance hours	5, 000
Quality control	1, 00, 000	Inspections	500

The company has produced 2, 000 units of product 'A'. Its material cost is Rs. 3, 00, 000 and labour cost Rs.6, 00, 000. The following are cost drivers and volumes of' the product 'A';

Cost Driver	Volumes
Material orders	60
Material movements	30
Set-ups	60
Machine hours	5, 000
Maintenance hours	1,000
Inspections	60

P.T.O

Calculate the cost driver's rate and cost of the product 'A' from the above information.

(20 Marks)

Q.4) a) What is strategic cost management? Explain the techniques of strategic Cost management. **(10 Marks)**

b) PQR Ltd. supplies the following cost sheet of a product;

**Cost Sheet
(Cost per Unit)**

Particulars	Rs.	Rs.
Direct material		5.00
Direct wages		3.00
Factory overheads		
Fixed	0.50	
Variable	0.50	1.00
Office overheads		0.75
Selling & Distribution overheads		
Fixed	0.25	
Variable	0.50	0.75
Cost of sales		10.50
Selling price		12.00

The above cost is for an output of 50, 000 units. The capacity of the firm is 65, 000 units. A foreign customer wants to buy 10, 000 units at a price of Rs. 10 per unit.

State with valid reasons whether the order is to be accepted.

(10 Marks)

Q. 5) a) Define marginal costing. State the features of marginal costing.

(03 Marks)

b) Ajay Thermal Power Station generated 2, 00, 000 units for the year 2021.

Of which, 50, 000 units were consumed by the power generating department. Calculate the cost and cost per unit from the following information;

Coal consumed per unit is 5 kgs @ Rs. 0.04 per kg.

Water used 500 lts @ Rs. 50 per 100 lts.

Water softener Rs. 100

Coal handling wages Rs. 500

Stocking wages Rs. 900

Repairs and maintenance Rs. 500

Consumable stores Rs. 200

Lubricating oil Rs. 300

P.T.O

