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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, MAY 2020

Fourth Semester

Faculty of Commerce

AC04 C16—ADVANCED COST ACCOUNTING

(2012 Admission onwards)

(Common for all Elective Branches)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **five** questions.
Each question carries 1 weight.*

1. What is Performance Budgeting ?
2. What is Material Mix Variance ?
3. Define Process Costing.
4. What is Key Factor ?
5. What is Angle of Incidence ?
6. Define Standard Costing.
7. What is Responsibility Centre ?
8. What is Budget Manual ?

(5 × 1 = 5)

Section B

*Answer any **five** questions.
Each question carries 2 weights.*

9. What are the advantages of Standard Costing ?
10. What is Master Budget ? Also state the advantages of master budget.

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11. With the following data for 60 % level of activity, prepare a budget for production at 80 % and 100 % activity :—

Production at 60 % capacity — 8000 units.

Material cost per unit — Rs.100

Direct labour cost per unit — Rs. 40.

General overhead — 50 % of direct labour.

Factory overhead — Rs. 50,000 (40 % fixed).

Administrative overhead — Rs. 40,000 (60 % fixed).

Selling and distribution overhead — Rs. 20,000 (50 % fixed).

12. From the following, calculate labour mix variance :—

Grade A :

Standard — 60 workers @ Rs. 10 per hour.

Actual — 70 workers @ Rs. 12 per hour.

Grade B :

Standard — 90 workers @ Rs. 10.50 per hour.

Actual — 80 workers @ Rs. 11.50 per hour.

Budgeted hours : 400, Actual hours : 425.

13. From the following find out equivalent product and cost per unit of equivalent production :—

Input : 3,800 units; Output : 3,000 units; Work-in-progress : 800 units.

		<i>Degree of Completion</i>	<i>Process Cost</i>
Materials	...	80 %	7,280
Labour	...	70 %	10,680
Overheads	...	70 %	7,120

14. State the various applications of Marginal Costing.

15. The following information is obtained from the books of Noble Limited :—

Sales	...	Rs. 2,00,000
Variable cost	...	Rs. 1,00,000
Fixed cost	...	Rs. 60,000





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- (a) Calculate P/V ratio and break even point.
- (b) The effect of 20 % decrease in fixed cost associated with 10 % increase in variable cost.
16. Explain the preliminaries for the adoption of a system of Budgetary Control.
- (5 × 2 = 10)

Section C

*Answer any **three** questions.
Each question carries 5 weight.*

17. In a factory a product passes through two process A and B. It is stated that a loss of 5 % is allowed in Process A and a loss of 20 % in Process B. Nothing was realised by disposal of wastage. During April 2013, 10,000 units of material costing Rs. 6 per unit were introduced in Process A. The other costs are :

		<i>Process A</i>	<i>Process B</i>
Material	...	—	6,140
Labour	...	10,000	6,000
Overheads	...	6,000	4,600

The output was 9,300 units from Process A, 9,200 units were produced by Process B, which was transferred to the warehouse.

8,000 units of the finished product was sold @ Rs. 15 per unit. The selling and distribution expenses were Rs. 2 per unit.

Prepare Process Account and a Statement of Profit or Loss of the firm for April 2013.

18. The directors of Cochin Trading Company Limited are considering the Sales Budget for the next budget period. The following information has been made available from the cost records :—

		<i>Product A</i>	<i>Product B</i>
Direct material	...	Rs. 20	Rs. 25
Direct wages @ Rs. 2 per hour	...	5 hours	7½ hours
Selling price	...	Rs. 60	Rs. 100

Variable overhead — 100 % of direct wages.

Fixed overhead — Rs. 10,000 per annum.

You are required to present to the management a statement showing the marginal cost of each product and to recommend which of the following sales mix should be adopted :—

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- (a) 450 units of A and 300 units of B.
- (b) 900 units of A only.
- (c) 600 units of B only.
- (d) 600 units of A and 200 units of B.

19. What is Differential Cost ? Explain the practical utility of differential cost analysis with two examples.
20. The Standard time and rate of producing 1,000 units of Product X is given below :

		<i>Total Std. hours</i>	<i>Total Cost (Rs.)</i>
20 men @ Rs. 1.50 per hour for 60 hours	...	1,200	1,800
10 women @ Rs. 1.10 per hour for 60 hours	...	600	660
10 boys @ Re. 0.80 per hour for 60 hours	...	600	480
		<u>2,400</u>	<u>2,940</u>

The actual production were 1,000 units.

Labour mix used were as follows :

		<i>Total Actual Hrs.</i>	<i>Total Cost (Rs.)</i>
26 men @ Rs. 1.40 per hour for 60 hours	...	1,560	2,184
8 women @ Rs. 1.20 per hour for 60 hours	...	480	576
6 boys @ Rs. 0.70 per hour for 60 hours	...	360	252
		<u>2,400</u>	<u>3,012</u>

Calculate labour cost variance, Labour Rate variance and labour mix variance.

21. What is Responsibility Accounting ? What are the requirements for implementing responsibility accounting ?
22. From the following data construct a break-even chart :

Sales	...	7,000 units @ Rs. 10 each.
Fixed cost	...	Rs. 20,000
Variable cost	...	Rs. 6 per unit.

(3 × 5 = 15)

