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Reg. No................................

Name....................................

M.Com. DEGREE (C.S.S.) EXAMINATION, APRIL 2019

Fourth Semester

Faculty of Commerce

Branch : Finance

AC 04C 16—ADVANCED COST ACCOUNTING

[Common for all Elective Branches]

(2012 Admission onwards)

Time : Three Hours | Maximum Weight : 30

Section A

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

1. Give the features of marginal costing ?
2. Define Cost accountancy.
3. Narrate Master Budget.
4. What is Imputed cost ?
5. Briefly explain Zero based budget ?
6. What is meant by favourable variance ?
7. Write notes on cost ledger accounting.
8. Distinguish between direct cost and indirect cost.

(5 × 1 = 5)

Section B

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

9. From the following information, show clearly to the management, the most profitable sales mixture :

Particulars	Product 1 (Rs)	Product 2 (Rs)
Direct Materials	10.00	9.00
Direct wages	3.00	2.00
Fixed expenses	Rs. 800	Rs. 800
% of variable expense charged to product	100% of wages	100 % of wages
Selling price	20.00	15.00

Turn over

Sales mixture :

(a) 100 units of Product A and 200 of B.

(b) 150 units of Product A and 150 of B.

(c) 200 units of Product A and 100 of B.

10. The expenses for the production of 500 units in a factory are given below :

(a) Materials : Rs. 80 per unit.

(b) Labour : Rs. 60 per unit.

(c) Variable overhead Rs.15 per unit.

(d) Fixed factory overhead (Rs. 5,000) Rs.10 per unit.

(e) Administrative expenses : (20 % variable) Rs. 10 per unit.

(f) Selling and distribution expenses (50 % fixed) Rs. 10 per unit.

(g) Total cost per unit : Rs. 185 per unit.

You are required to prepare a flexible budget for 600 units.

11. Two products X and Y are obtained jointly after a process in which costs in the month of January 2016 were :

Materials Rs. 6,700

Labour Rs. 4,000

Other Expenses : 2,600

Expenses incurred after separation were :

Particulars	X	Y
Materials	1,000	—
Labour	2,000	2,000
Other expenses	500	500

The selling prices of two products were Rs. 15,000 and Rs. 10,000 respectively. Ascertain the cost and profit on each product.

12. You are given the following : Margin of safety Rs. 50,000, representing 40% of sales. Its P/V ratio is 50%. Calculate (a) Break-even sales (b) Fixed cost (c) Variable cost (d) Profit.

13. The profit shown by the cost ledger for the year ending 31^{st} December 2015 is Rs. 21,560. But the profit and loss account prepared as per Financial books shown a net profit of Rs. 19,600.

    (a) You find that the closing stock is overvalued in financial books by Rs. 1,200.

    (b) The factory overhead under absorbed amounts to Rs. 2,400.

    (c) The company has paid Rs. 160 as bank charges and Rs. 800 as interest on loan during the year 2015.

    (d) It has received Rs. 200 as dividend on shares in other companies.

    Prepare a profit Reconciliation statement.

14. Explain the features of performance budget.

15. Mention the salient features of process costing.

16. What is Break-Even Analysis ? Discuss its assumptions.

(5 × 2 = 10)

Section C

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

17. Pagoda Chemical Company Ltd manufactures a particular brand of phenyl. The phenyl passes through three important processes. During the month of January 2016, 600 tonnes of bottles were produced . The cost books show the following information :

Materials	Process A	Process B	Process C
Materials	8,000	4,000	3,000
Labour	6,000	5,000	5,000
Direct Expenses	1,200	400	1,000
Cost of bottles		4,060	
Cost of corks			650

The indirect expenses for this period were Rs. 3,200. The bye products of process B were sold for Rs. 480 and the residue of process C was sold for Rs. 250. Prepare process account.

Turn over

18. The sales turnover and profit during two years were as follows :

Year	Sales	Profit
2014	1,50,000	20,000
2015	1,70,000	25,000

You are required to calculate :

(a) P/V Ratio.

(b) Fixed cost.

(c) Break-even point.

(d) Sales required to earn a profit of Rs. 40,000.

(e) Profit when sales are Rs. 50,000.

(f) Margin of safety at a profit of Rs. 50,000.

(g) Variable cost of two periods.

19. From the following information given below, prepare cash budget for the months of July to September 2015 :

Month	Total sales	Total purchase	Wages and direct Exp	Admn : Exp :	Selling Exp :
April	1,80,000	1,20,000	20,000	18,000	9,000
May	2,20,000	1,00,000	20,000	20,000	12,000
June	3,00,000	80,000	22,000	18,000	16,000
July	2,60,000	1,40,000	20,000	19,000	18,000
August	2,20,000	1,60,000	21,000	20,000	14,000
September	4,00,000	1,10,000	26,000	22,000	16,000

Additional information :

(a) 20% of the total sales and 40% of the total purchase are on cash terms.

(b) Creditors are paid after three months of the date of purchase.

(c) Time-lag for collection from customers is two months.

(d) Wages and manufacturing expenses are paid at the end of every month.

(e) Time-lag for payment of administration expense is one month.

(f) Half of selling expense is paid during the same month and the balance in the next month

(g) Interest and dividend will be received in September Rs. 12,000

(h) 16% Bank loan Rs. 1,20,000 to be received in August and Rs. 2,90,000 to be paid during the same month for the purchase of land and building.

(i) Permanent overdraft facility is available to the concern.

(j) Cash and bank balance on 1st July 2015 was Rs. 2,000.

20. From the following information compute Material Variances :

Material	SQ(KG)	SP (Rs)	Total	AQ(KG)	AP (Rs)	Total
A	10	2	20	5	3	15
B	20	3	60	10	6	60
C	20	6	120	15	5	75
Total	50	4	200	30	5	150

21. What is meant by Equivalent production ? Explain the method of its computation.

22. Explain the advantages and dis-advantages of budgetary control.

(3 × 5 = 15)