

M.COM (PART-I)
: - Accountancy Group :-
ADVANCED COST ACCOUNTING
(PAPER-II) (JUNE - 2018)

Q.P. Code :11809

[Time: 3 Hours]

[Marks:100]

Please check whether you have got the right question paper.

- N.B:**
1. **All** questions are **compulsory**.
 2. **Figures** to the **right** indicate **full marks** allotted to the question
 3. **Working notes** should **from past of the answer**.

Q.1 Following information is regarding process 'A' for the month of April 2017.

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- Opening stock 4000 units
- Degree of completion :-
Material 10%
Labour & overhead 25% each.
- New units introduced to the process 16000
- Units produced (completed) 14000
- Units in process on 30th April 2017 (Closing stock) 6000
- Degree of completion of closing stock:
Material 100%
Lab our & overhead $33\frac{1}{3}\%$ each.
- Work in process on 1st April 2017:
Material Rs 1200
Lab our Rs 200
Overhead Rs 200
- Costs for the month of April 2017:
Material Rs 5120
Lab our Rs 3000
Overhead Rs 3000

Prepare : i) statement of Equivalent production
ii) Statement showing cost of each element
iii) statement of apportionment of cost
iv) Process A- A/c

Use FIFO method

Q.2 a) State whether the following statements are **True** or **False**.

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- 1) Normal loss in process A/c is treated as cost of production
- 2) Scrap value of normal loss is credited to process A/c
- 3) Increase in price leads to lower margin of Safety.
- 4) Fixed budget relates to budget for fixed assets
- 5) Normal loss does not carry any market value
- 6) In case of passenger transport carriage capacity is in terms of weight
- 7) Operating costing is a form of operation costing.
- 8) Contribution is difference between sale price & fixed cost

b) Fill in the blanks:-

- 1) For a hospital composite cost unit is _____
- 2) Sales value of units of abnormal loss is credited to _____
- 3) _____ cost changes due to change level of output

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TURN OVER

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- 4) Cost auditor has of submit his report within _____ days from the close of financial year.
- 5) Under integrated system, materials returned to suppliers is debited to _____ A/c
- 6) _____ budget remains unchanged irrespective of the level of output.
- 7) _____ cost remains unchanged irrespective of level of output.
- 8) Cost auditor is appointed by _____.

Q.3 Prepare cash budget for the months of April, May & June 2016 with the help of following information

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Month	Sales Rs	Purchases Rs	Wages Rs	Expenses Rs
Jan 2016 (actual)	80,000	45,000	20,000	5,000
Feb 2016 (actual)	80,000	40,000	18,000	6,000
March 2016 (actual)	75,000	42,000	22,000	6,000
April 2016 (budgeted)	90,000	50,000	24,000	6,000
May 2016 (budgeted)	85,000	45,000	20,000	6,000
June 2016 (budgeted)	80,000	35,000	18,000	5,000

Additional information:-

- 10% the purchases & 20% of sales are for cash
- The average collection period is ½ month and creditors are paid after one month
- Wages are paid half monthly & rent is paid monthly
- Cash balance on 1st April 2016 is Rs 15000 and company wants to maintain same cash and the excess if any being deposited into bank.

Q.4 A company's budgeted sales as product 'A' are 40,000 units and Standard selling price is Rs 10/- per unit and product 'B' 60,000 units at standard selling price Rs 12 per unit. 16

Actual Sales of product 'A' are 70,000 units at R 14 per unit and product B 50,000 units at Rs 8 per unit
Calculate :- 1) Sales value variance 2) Sales mix variance 3) Sales price variance 4) sales Quantity variance 5) sales volume variance

Q.5 A holiday home hired a building at a rent of Rs 40,000 per month. It has three types of rooms viz. single, double & Triple rooms. Following information is given: 16

Type of Room	No. of Rooms	% of occupancy
Single rooms	100	100%
Double Rooms	50	80%
Triple Rooms	30	60%

The rent of double rooms is to be fixed at 2.5 times of the single room and that of triple rooms is twice of the double rooms. Other expenses for the year 2016 are:-

Staff Salaries	Rs 57,00,000
Room attendant charges	Rs 18,00,000
lighting & heating	Rs 8,60,000
Repairs & Renovations	Rs 4,94,000
Laundry charges	Rs 3,22,000
Interior decoration	Rs 2,96,000
Sundries	Rs 6,12,000

Provide profit @ 20% on total taking and assume 360 days in a year. You are required to calculate the rent to be charged for each type of room.

TURN OVER

Q.6 From the following information prepare necessary ledger accounts under integrated system.

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Particulars	Rs
Stores purchased on credit	74,000
Total Wages paid	84,000
Wages productive	74,000
Wages unproductive	10,000
Stores issued to production	64,000
Works Expenses incurred	32,500
Works Expenses charged to production	43,000
Total office expenses paid	22,000
Office expenses charged to production	21,250
Selling overheads paid	22,500
Selling overheads charged to sales	22,500
Sales on credit	1,95,000
Materials lost by fire	10,000

Q.7 Sterling limited has prepared the following budgeted estimates for the year ended 2016.

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Sales in units	15,000
Fixed Expenses	Rs 34,000
Sales Value	Rs 1,50,000
Variable cost	Rs 6 per unit

You are required to :-i) Calculate P/V ratio; BEP & margin safety

ii) Calculate revised P/V ratio, BEP & Margin of safety in each of the following cases:-

- a) Decrease in selling price by 10%
- b) Increase in variable costs by 10%
- c) Increase in sales volume by 2000 units
- d) Increase in fixed costs of Rs 6000

Q.8 A manufacture has planned to operate at 50% of his plant capacity of 30,000 units. His expenses are estimated as follows, if 50% of the plant capacity is utilized.

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- i. Direct material Rs 8280,
- ii. Direct wages Rs 11160
- iii. Variable & other manufacturing expenses Rs 3960
- iv. Total fixed expenses irrespective of capacity utilization Rs 6000

Expected Selling price in the domestic market is Rs 2 per unit. A manufacturer has received an enquiry from foreign organization interested in purchasing 6000 units at a price of Rs. 1.45 per unit.

What would be your suggestion to accept foreign order of 6000 units @ Rs 1.45 per unit?

Q.9 Write short notes on any 4.

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- 1) Use of marginal costing in fixing price
- 2) Importance of Breakeven point
- 3) Operating costing
- 4) Importance of cost auditor
- 5) Qualification of Cost auditor