2023

M.Com.

4th Semester Examination

COMMERCE

PAPER : COM-405.1 & 405.2

Full Marks : 50

Time : 2 hours

The figures in the right-hand margin indicate marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

COM-405.1

(ADVANCED COST ACCOUNTING)

1. Answer *any* **two** questions from the following : 2×2=4

   (a) Pass the journal entries of the following transactions in Cost Book under integrated system of bookkeeping :

   (i) Purchase of raw material from R. Tripathi amounting ₹2,25,000 as on 12.4.2023.

(ii) Issue of direct material from Stores to Production Centre of ₹1,52,000 as on 21.4.2023.

(b) Write the implication of Marginal Cost equation.

(c) What is Depth of processing?

(d) Is there any difference between Marginal Costing and Absorption Costing?

2. Answer *any* **two** questions from the following : $4 \times 2 = 8$

(a) Illustrate the effects of the following on the breakeven point and on the profit-volume ratio under Cost Volume Profit analysis in Marginal Costing.

(i) Decrease in variable cost per unit.

(ii) Increase in the selling price per unit. 2+2

(b) The following data are available in respect of Process-I for the month of May, 2023 :
Stock at 1st May : 600 units valued at ₹390 (Degree of completion: Material 60%, Labour 50% and Overhead 40%)

Introduce in Process-I :	
4200 units valued at	₹1,560
Direct Material added in process	₹776
Direct Labour	₹386
Production Overhead	₹768
Transfer to Process-II :	₹3,650

Stock at 31st May, 2023 : 800 units (Material 80%, Labour 70%, Overhead 60%) Units Scrapped : 350 units (Degree of Completion : Material 100%, Labour 80% and Overhead 80%)

Normal Loss is 10% of total input (Opening Stock plus Units introduce)

All units scrapped can be sold for ₹0.10 per unit.

You are required to prepare a statement showing the cost per equivalent unit of each element of cost. 2+2

(c) What is Joint Product? Briefly explain the Net Sales Value method of allocation of Joint Cost. 1+3

(d) From the following information, prepare Store Ledger Control Account and Wages Control Account under Non-Integrated system

Material Control Account opening balance	₹1,24,000
Material purchased	₹4,80,000
Direct Material issued to production	₹4,77,000
Material purchased directly by production centre	₹30,000
Material for work maintenance	₹41,200
Material lost by fire	₹20,000
Total Wages paid	₹2,70,000

(Direct ₹2,00,000, Indirect ₹60,000, Normal idle time 10000) 2+2

3. Answer *any* **one** question from the following : $8 \times 1 = 8$

(a) Product X passes through two processes before it is transferred to finished stock. The following information is obtained for the month of May, 2023 :

	Process-I	**Process-II**	**Finished Stock**
	(₹)	(₹)	(₹)
Opening Stock	8,000	10,000	20,000
Direct Material	1,50,000	25,000	
Direct Wages	60,000	35,000	
Manufacturing Overhead	30,000	20,000	
Closing Stock	4,000	15,000	30,000
Profit% on transfer Price to next process	20%	10%	—
Inter-process profit for opening stock	1,400	2,700	6,000

Stock in processes is valued at prime cost and finished stock has been valued at the price at which it is received from Process II. Sales during the period were ₹4,00,000.

Prepare Process Cost Accounts showing *profit* element at each stage. 8

(b) From the following particulars, find the most profitable product mix and prepare a statement of profitability of that product mix :

	Product A	Product B	Product C
Budgeted units produced and sold	1800	3000	1200
Selling price per unit (₹)	65	55	50
Requirement per unit :			
Direct Material	5 kg	3 kg	4 kg
Direct Labour hour	4 hrs.	3 hrs.	2 hrs.
Variable overhead	₹ 8	₹ 13	₹ 8
Fixed overhead	₹ 12	₹ 12	₹ 12
Cost of direct material per kg	₹ 5	₹ 5	₹ 5
Direct labour rate per hour	₹ 3	₹ 3	₹ 3
Maximum demand (units)	4000	5000	1500
Minimum to be produced (units)	200	200	200

All the three products could be produced from same types of material, labour and machine. Availability of direct labour hour is restricted in 18600 hours. 5+3

4. Answer *any* **two** questions from the following : 2×2=4

(a) What is a principal budget factor?

(b) What do you mean by Activity Based Costing?

(c) What is Standard Cost?

(d) What do you mean by Target Costing?

5. Answer *any* **two** questions from the following : 4×2=8

(a) Explain briefly, the main steps in budgetary control.

(b) State the main reasons for variance analysis.

(c) Briefly explain calendar variance and capacity variance in case of fixed overhead.

(d) A factory is currently running at 50% capacity and produces 5,000 units at a cost of ₹90 per unit as per details below :

Material	₹50
Labour	15
Factory Overheads	15 (₹6 fixed)
Administrative Overheads	10 (₹5 fixed)

The current selling price is ₹100 per unit.

At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%.

At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%.

Estimate profits of the factory at 60% and 80% working and offer your comments.

6. Answer *any* **one** question from the following : $8 \times 1 = 8$

(a) Write short notes on the following :

(i) Zero-base budgeting; and

(ii) Performance budgeting. 4+4

(b) *(i)* From the following cost data, calculate the fixed overhead variances.

Particulars	Budgeted	Actual
No. of working days	20	22
Man-hours per day	8000	8400
Output for man hour in units	1.0	0.9
Overhead cost (₹)	1,60,000	1,68,000

(ii) A company producing two products furnishes the following information for a year :

Product	A	B
Annual output (units)	5000	60000
Total machine hours	20000	120000
Total number of purchase orders	160	384
Total number of set-ups	20	44

The annual overheads are as under :

Volume related activity costs	₹5,50,000
Set-up related costs	₹8,20,000
Purchase related costs	₹6,18,000

You are required to calculate the cost per unit of each product A and B based on : 4+4

(1) Traditional method of charging overheads.

(2) Activity based costing method.

[Internal Assessment : 10 Marks]

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