

M.Com 4th Semester Examination, 2024

COMMERCE

PAPER—COM-404(New)

Full Marks : 50

Time : 2 hours

Answer all questions

The figures in the right hand margin indicate marks

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

(Advanced Cost Accounting)

COM-404.1

1. Answer any *two* of the following : 5 × 2

- (a) Write the Journal entries of the following when Cost and Financial books are maintained under integrated system :

- (i) Purchase of Raw Materials from M/s Bajaj Ltd. valued Rs. 2,50,000.
 - (ii) Issue of direct materials from store to production centre valued Rs. 1,40,000.
 - (iii) Payment of direct wages Rs. 1,10,000.
 - (iv) Finished goods produced costing Rs. 3,20,000.
 - (v) Sale of finished goods Rs. 4,27,000.
- (b) (i) What is depth of processing in costing ?
- (ii) In manufacturing the main product A, a company processes the resulting waste material into two by-products M_1 and M_2 . Using the method of working back from sales value to an estimated cost, you are required to prepare comparative profit and loss

statement of the three products from
the following data : 2 + 3

(I) Total cost up to separation point was Rs. 1,36,000.

	A	M ₁	M ₂
(II) Sales (all production)	Rs. 3,28,000	Rs. 32,000	Rs. 48,000
(III) Cost after separation	—	9,600	14,400
(IV) Estimated net profit percentage to sales value	—	20%	25%
(V) Estimated selling expenses as percentage of sales value	20%	10%	15%

(c) A Company has three branches and their summarised accounting particulars for a period are given below :

<i>Particulars</i>	Mumbai	Kolkata	Chennai
	Rs.	Rs.	Rs.
Sales	4,50,000	4,00,000	7,00,000
Branch expenses :			
Salaries, commissions and Travelling expenses	41,000	40,000	60,000
Advertisement	9,000	10,000	11,000
Other expenses	10,000	11,000	12,000

Central Office expenses Rs. 1,55,000 apportioned to branches on the basis of sales. 25% of sales are taken as gross profit. Based on the above information, prepare a comparative Profit and Loss Statement for the different branches. Offer your views on the contemplated closure of the branch which shows a loss, assuming that in the event of closure of a branch, central office expenses can be reduced by 30%. 2 + 3

2. Answer any *one* of the following : 10 × 1

(a) The following data relates to an intermediary Process Q :

(i) Opening Work in Progress 4000 units valued Rs 45,500.

Degree of completion : Material 80%;
Labour 60% and Overhead 60%

(ii) Received during the month of April, 2024 from the immediately previous Process-P 40000 units valued Rs. 1,75,000.

(iii) Expenses incurred in Process Q during the month

Material Rs. 79,000, Labour Rs. 1,38,230; Overheads Rs. 69,120

(iv) Closing Work-in-Progress 3000 units

Degree of completion : Material 100%,
Labour and Overhead 50%

Total Units Scrapped 4000 units

Degree of completion : Material 100%,
Labour and Overhead 80%

(v) Normal Loss : 5% of current input
(except opening W-I-P units)

(vi) Spoiled goods realised Rs. 2 per unit.

(vii) Completed units are transferred to Finished Stock Account.

You are required to prepare the following :

(I) Equivalent Unit Statement under FIFO basis.

(II) Statement of cost per equivalent unit, and

(III) Evaluate the value of different output items. 4 + 2 + 4

(b) Hindusthan Lever operates a non-integrated accounting system. At the end of April, 2024 the financial accountant has produced the final accounts shown below. Based on these accounts and data supplied by the cost accountant, a reconciliation statement has been prepared, also as shown below :

You are required to prepare the following accounts as they would appear in the cost ledger :

(i) Store Ledger Control Account,

(ii) Work-in-Progress Control Account

(iii) Finished Goods Control Account.

Manufacturing, Trading and Profit and Loss Account for the month of April, 2024

<i>Particulars</i>	Amount (Rs.)	Amount (Rs.)	<i>Particulars</i>	Amount (Rs.)
To Raw material :			By Cost of goods manufactured c/d	6,02,000
Opening stock	60,500			
Add : Purchases	3,20,000			
	3,80,500			
Less : Closing Stock	65,000	3,15,500		
To Direct Wages		1,25,000		
To Production Overhead		1,60,000		
To Work in Progress :				
Opening Stock	36,700			
Less : Closing Stock	35,200	1,500		
		6,02,000		6,02,000
To Good manufac- tured b/d	6,02,000		By Sales	10,00,000
Add : Finished Goods :				
Opening Stock	45,600			
	6,47,600			
Less : Closing Stock	47,600	6,00,000		
To Gross Profit c/d		4,00,000		
		10,00,000		10,00,000

<i>Particulars</i>	Amount (Rs.)	Amount (Rs.)	<i>Particulars</i>	Amount (Rs.)
To Administrative expenses		1,10,000	By Gross Profit b/d	4,00,000
To Selling and Distribution expenses		1,50,000	By Discount received	30,000
To Discount allowed		50,000		
To Debenture interest		20,000		
To Net Profit c/d		1,00,000		
		4,30,000		4,30,000

Statement Reconciling the Profit of Financial Accounts and Cost Accounts

<i>Particulars</i>	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Profit as per Financial Accounts			1,00,000
<i>Add : Differences in stock valuation :</i>			
Raw Material : Closing Stock	600		
Work-in-Progress : Opening Stock	1,000		
Finished Goods : Opening Stock	1,200		
Finished Goods : Closing Stock	700		
		3,500	

<i>Particulars</i>	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<i>Less</i> : Raw Materials : Opening Stock	1,200		
Work-in-Progress : Closing Stock	400	1,600	1,900
<i>Add</i> : Other Items :			
Discount allowed	50,000		
Debenture Interest	20,000		
		70,000	
<i>Less</i> : Discount received		30,000	40,000
			1,41,900
<i>Add</i> : Production Overhead under -absorbed			3,000
Profit as per Cost Accounts			1,44,900

COM-404.2

3. Answer any *two* of the following : 5 × 2

(a) Write the factors involved in setting target cost.

(b) Write the role of cost drivers involved in Activity-Based Costing.

- (c) A group of workers normally consists of 30 Men, 15 Women and 10 Boys. They are paid at standard rates per hour as follows :

Men	Rs. 80
Women	Rs. 60
Boys	Rs. 40

In a normal working week of 40 hours, the group is expected to produce 2000 units of output. During the week ended on 31st December, the group consisted of 40 Men, 10 Women and Boys. The actual wages paid were @ Rs. 70 Rs. 65 and Rs. 30 respectively. 4 hours were lost due to abnormal idle time and 1600 units were produced.

Calculate : (i) labour cost variance, (ii) labour rate variance, (iii) labour efficiency variance.

4. Answer any *one* of the following : 10×1

(a) Goodluck Ltd. is currently operating at 75% of its capacity. In the past two years, the levels of operations were 50% and 60% respectively. Presently, the production is 75000 units. The company is planning for 90% capacity level during 2024-25. The cost details are as follows :

	50% (Rs.)	60% (Rs.)	70% (Rs.)
Direct Materials	10,00,000	12,00,000	15,00,000
Direct Labour	5,00,000	6,00,000	7,50,000
Factory Overheads	3,00,000	3,30,000	3,50,000
Selling Overheads	3,20,000	3,60,000	4,00,000
Administrative Overheads	1,60,000	1,60,000	1,60,000
	<u>22,80,000</u>	<u>26,50,000</u>	<u>31,60,000</u>

Profit is estimated @25% on Sales.

The following increase in costs is expected during the year :

Direct Material	10%
Direct Labour	8%
Variable Factory Overhead	5%
Variable Selling Overhead	3%
Fixed Factory Overhead	10%
Fixed Selling Overhead	12%
Administrative Overhead	10%

Prepare Flexible Budget for the period 2024-25.

- (b) The following data has been collected from the cost records of a unit for computing the various fixed overhead variances for a period :

Number of budgeted working days	25
Budgeted Man-hours per day	6000
Output (budgeted) per man-hour (in units)	1
Fixed Overhead cost as budgeted	Rs. 1,50,000
Actual number of working days	27
Actual man-hours per day	6300
Actual output per man-hour (in units)	0.90
Actual Fixed Overhead incurred	Rs. 1,56,000

Calculate Fixed Overhead Variances.

[Internal Assessment – 10 Marks]
