

M.Com. 4th Semester Examination, 2024

COMMERCE

*(Financial Statement Analysis and
Financial Reporting)*

PAPER — COM-405(Old)

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*

COM— 405.1

(Advanced Cost Accounting)

[*Marks : 20*]

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

- (a) What is Marginal cost equation ? Write its significance.
- (b) Write the significance of Break Even Chart in Marginal costing.
- (c) What is depth of processing in costing ?
- (d) Write the differences between Integrated and Non-Integrated Cost Accounting.

2. Answer any *two* of the following : 4 × 2

- (a) Write the cost and non-cost factors to be considered in shut down decision in Marginal Costing.
- (b) A Company produces its main product Pee and in course of its manufacture, a by product Lee is produced, which after further processing has a commercial value. For the month of April 2023, the following are the summarized cost data :

Particulars	Joint expenses (Rs.)	Separate Expenses	
		Pee	Lee
No of units produced		5000	3,000
		Rs.	Rs.
Materials	80,000	35,000	8,000
Labour	40,000	25,000	5,000
Overheads	30,000	20,000	2,000
Selling price per unit		80	20
Estimated Profit per unit on sale of Lee			5

The factory uses reverse cost method of accounting for by-products.

You are required to prepare statement showing the joint cost allocable to Pee and Lee.

(c) Write the reasons for differences in Costing Profit and Financial Profit.

(d) Pass Journal entries of the following transactions in the cost books, maintaining under non-integrated system :

(i) Purchase of Raw material from M.Das amounting Rs. 5,00,000

(ii) Purchase of Raw material directly by production centre Rs. 50,000

(iii) Issue of materials :

Direct Rs. 5,50,000

Indirect Rs. 1,50,000

(iv) Total wages paid Rs. 3,00,000

(v) Allocation of wages :

Direct Rs. 2,00,000

Indirect Production Rs. 1,00,000

(vi) Finished goods produced during the financial year at cost price Rs. 12,00,000

(vii) Finished goods sold at cost price Rs. 13,00,000

(viii) Production Overhead incurred Rs. 40,000.

3. Answer any *one* of the following : 8 × 1

(a) What do you mean by product mix ?
What is limiting factor ? How the product mix decision is taken in presence limiting factor in Marginal Costing ? 2 + 1 + 5

(b) Product X passes through three processes before it is transferred to finished stock. The following information is obtained for the month of September, 2022 :

	Process-I (Rs.)	Process-II (Rs.)	Finished Stock(Rs.)
Input (Units)	10,000	8,500	8,300
Direct Material	40,000	12,000	-----
Direct Wages	35,000	40,000	15,000
Manufacturing Overhead	30,000	24,000	5,000
Normal loss% on input 10%		8%	-----
Scrap Value per unit (Rs.)	5	3	
Sales (Rs.)			2,80,000

Prepare Process Cost Accounts. 8

COM— 405.2

[Marks : 20]

4. Answer any *two* of the following : 2 × 2

(a) What is production budget ?

- (b) What is cost driver in Activity based costing ?
- (c) Distinguish between Standard Costing and Budgetary Control.
- (d) What is Target Cost ?

5. Answer any *two* of the following : 4 × 2

- (a) Write the reasons of Direct labor Cost Variances.
- (b) Write short note on Zero Base budgeting.
- (c) Why is the Activity Based Costing (ABC) preferred to the conventional costing system ?
- (d) Write notes on Revenue centre's role as Responsibility centre.

6. Answer any *one* of the following : 8×1

(a) A factory is currently running at 70% capacity and produces 7000 units at a cost of Rs. 80 per unit as per details below :

Material	Rs. 40
Labour	20
Factory Overheads	10 (Rs. 6 fixed)
Administrative Overheads	10 (Rs. 5 fixed)
The current selling price is	Rs. 110 per unit

At 80% working, material cost per unit increases by 5% and selling price per unit falls by 2%. At 90% working, material cost per unit increases by 8% and selling price per unit falls by 3%.

Estimate profits of the factory at 80% and 90% working and offer your comments.

6 + 2

- (b) From the following information of a company, calculate necessary material variances. Assume for same level of production, standard and actual information are given as follows

8

Material	Standard			Actual		
	Qty. (Units)	Rate (Rs.)	Amount (Rs.)	Qty. (Units)	Rate (Rs.)	Amount (Rs.)
A	7,500	6	45,000	7,000	5	35,000
B	4,500	9	40,500	5,000	10	50,000
C	9,000	7	63,000	10,000	6	60,000
	21,000		1,48,500	22,000		1,45,000

[Internal Assessment – 10 Marks]
