VVM's
Shree Damodar College of Commerce and Economics
Comba –Margao Goa
M.Com. (Semester-III) Examination, November 2014

CO3A4: ADVANCED COST ACCOUNTING

Duration: 2Hour **Total Marks: 50**

Instructions: 1) Answer all the questions
2) Figures to the Right Indicate Full Marks

1. **Answer the following questions:-** **(5x2=10)**
   a) What are the features of process costing?
   b) Describe briefly the objectives and limitations of budgetary control?
   c) Discuss purpose of cost audit?
   d) Explicit costs and implicit costs?
   e) A company earned a profit of Rs30,000 during the year. If the marginal cost and selling price of a product are Rs8 and Rs10 per unit respectively, find out the amount of Margin of safety

2.x) Abc Ltd is planning to install a cost accounting system .Explain the conditions and the practical difficulties to be faced by ABC Ltd while installing a cost accounting system? (10)

OR

2.y) Explain the preliminaries to the establishment of standard costs in a company? (10)

3.x) Define zero based budgeting. Explain how ZBB is superior to traditional budgeting? (10)

OR

3.y) What is meant by Inter-Firm comparison? Explain its purposes? (10)

4.x) AB Ltd is engaged in the process engineering industry. During the months of April 2014, 2000 units were introduced in process X. The normal loss was estimated at 5% of input. At the end of the month 1400 units had been produced and transferred to Process Y, 460 units were incomplete and 140 units during the process had to be scrapped out of which 40 units are abnormal loss units.
The incomplete units had reached the following stage of completion:-
Material 75% completed
Labour 50% completed
Overhead 50% completed
Following is further information for Process X:-
Cost of 2000 units Rs58,000
Additional direct materials Rs14,400
Direct labour Rs33,400

Direct overhead Rs16,700
Units scrapped realized Rs10 each
Prepare statement of equivalent production , statement of cost, statement of cost , statement of evaluation and process X a/c. (10)

OR

4.y). Andhra Vinyl Ltd has three sales divisions at Madras, Bangalore and Hyderabad. It sells two products I and II. The budgeted sales for the year ending 31st December 2013 at each place are given below: (10)

Madras	Product I Product II	50,000 units @ Rs16 each 35,000 units @ Rs10 each
Hyderabad	Product I	75,000 units @ 16 each
Bangalore	Product II	55,000 units @ Rs10 each

The actual sales during the same period were:

Madras	Product I Product II	62,500 units @ Rs16 each 37,500 units @ Rs10 each
Hyderabad	Product I	77,500 units @ 16 each
Bangalore	Product II	62,500 units @ Rs10 each

From the reports of the sales department it was estimated that the sales budget for the year ending 31st December 2014 would be higher than 2013, budget in the following respects:

Madras	Product I Product II	4,000 units 2,500 units
Hyderabad	Product I	5,000 units
Bangalore	Product II	6,500 units

Intensive sales campaign in Bangalore and Hyderabad is likely to result in additional sales of 12,500 units of product II in Bangalore and 9000 units of product I in Hyderabad. Prepare a sales budget.

5.x) From the following data

	Sales	Profit
Period 1	10,000	2,000
Period 2	15,000	4,000

You are required to calculate (10)
(i) P/V Ratio
(ii) Fixed Cost
(iii) Break Even sales volume
(iv) Sales to earn a profit of Rs3,000
(v) Profit when sales are Rs8,000

OR

5.y) From the following particulars compute (a) Material cost variance (b) Material price variance (c) Material usage variance (10)

Quantity of materials purchased	3000 units
Value of materials purchased	Rs9,000
Standard quantity of materials required per tonne of output	30 units
Standard rate of materials	Rs2.50 per unit
Opening stock of materials	NIL
Closing stock of materials	500 units
Output during the period	80 tonnes

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