



M.Com. (Semester – III) Examination, April 2015

ACCOUNTING AND FINANCE

CO3A4 : Advanced Cost Accounting (OB-10)

Duration : 2 Hours

Total Marks : 50

Instructions : 1) Answer **all** the questions.2) **Marks** are indicated against **each** question.3) Figures to **right** indicate **maximum** marks.

1. Write short notes on the following :

(5×2=10)

- What is historical cost ?
- What is Angle of Incidence ?
- Cost reduction v/s cost control.
- What is differential costing ?
- Calculate P/V ratio from the following information :
 - Given selling price ₹ 10 per unit,
variable cost ₹ 6 per unit.
 - Given the profits and sales of two periods as under

Year	Sales (₹)	Profits (₹)
2007	1,50,000	20,000
2008	1,70,000	25,000

2. A) Compare and contrast marginal costing and differential costing. State the main features of differential costing.

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OR

B) Define Cost Accounting. State the objections against Cost Accounting.

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3. A) What do you mean by Budgeting ? What are the merits and demerits of Budgetary control ?

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OR

B) What is standard costing ? Explain the different types of standards used for the purpose of costing.

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P.T.O.



4. A) A large retail store makes 25% of its sale for cash and the remainder on 30 days term. Due to faulty collection practice, there has been losses from bad debts to the extent of 1% of credit sale as an average in the past. The experience of the company tells that normally 60% of the credit sale are collected in the month following the sale, 25% in the second following month and 14% in the third following month.

Sales in preceding three months have been : January 2002 – ₹ 80,000, February ₹ 1,00,000 and March ₹ 1,40,000. Sales for next three months are estimated as April ₹ 1,50,000, May ₹ 1,10,000 and June ₹ 1,00,000.

Prepare a schedule of the expected cash collections during the month of April, May and June 2002 for presentation to the finance department.

What will be the cash receipts if the credit policy is enforced strictly so that there are no overdue accounts and bad debts.

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OR

- B) The product of a company passes through 3 distinct processes to completion. They are A, B and C. From past experience it is ascertained that loss is incurred in each process as A – 2%, B – 5% and C – 10%.

In each case the percentage of loss is computed on the number of units entering the process concerned.

The loss of each process possesses as scrap value. The loss of is sold at ₹ 5 per 100 units and that of process C at ₹ 20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed from process C to Stock A/c.

The following information is obtained :

	Process A (₹)	Process B (₹)	Process C (₹)
Materials consumed	6,000	4,000	2,000
Direct labour	8,000	6,000	3,000
Manufacturing exps.	1,000	1,000	1,500

20,000 units have been issued to Process A at the cost of ₹ 10,000. The output of each process has been as under :

Process A – 19,500

Process B – 18,800

Process C – 16,000

There is no work in progress in any process.

Prepare Process A/c(s) and calculations should be made to the nearest rupee. 10



5. A) The details regarding composition and weekly rate of labour force engaged on a job scheduled to be completed in 30 weeks are as follows :

Categories of workers	Standard		Actual	
	No. of labours	Weekly wage rate	No. of labours	Weekly wage rate
Skilled	75	60	70	70
Semi-skilled	45	40	30	50
Unskilled	60	30	80	20

The work is actually completed in 32 weeks. Calculate the various labour variances.

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OR

- B) The following particulars are taken from the records of a company engaged in manufacturing two products AD and BI, from a certain raw material

	Product AD (per unit) (₹)	Product BI (per unit) (₹)
Sales	125.00	250.00
Material cost (₹ 2.5/kg)	25.00	62.50
Direct labour (₹ 1.5/hr)	37.50	75.00
Variable overhead	12.50	25.00

Total fixed overhead ₹ 50,000/-

Comment on the profitability of each plant when

- Total sales in value is limited
- R/M is in short supply
- Labour is the key factor.

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