

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

MCom / MCom (CA) DEGREE EXAMINATION MAY 2018  
(Second Semester)

Common to Branches – COMMERCE &  
COMMERCE WITH COMPUTER APPLICATIONS

ADVANCED COST AND MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 75 Marks

SECTION -A (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 1 a Enumerate the importance of management accounting.  
OR  
b Explain the technique of Economic Order Quantity.
- 2 a List out the causes of idle time.  
OR  
b Distinguish between cost allocation and cost apportionment.
- 3 a Prepare a Process Account from the following information :  
Input of raw material 1000 units @ Rs. 20 per unit  
Direct Material – Rs. 4,200/-  
Direct wages – Rs. 6,000/-  
Production overheads – Rs 6,000/-  
Actual output transferred to process II – 900 units  
Normal loss – 5%  
Value of scrap per unit – Rs. 8/-  
OR  
b A transport company maintains a fleet lorry for carrying good from Delhi to Patna 100 kms off. Each lorry, which operates 25 days on an average in a month, starts every day from Delhi with a load of 4 tonnes and return from Patna with the load of 2 tonnes. Calculate the total commercial tone – kms and cost per tone – km when total monthly charge for lorry is Rs. 27,000.
- 4 a The standard cost of a chemical mixture is as under :  
8 tons of material @ Rs. 40 per ton  
12 tons materials B @ Rs. 60 per ton  
Actual cost for the period  
10 tons of materials A @ Rs. 30 per ton  
20 tons of materials B @ Rs. 68 per ton  
Calculate material cost variance and material price variance.  
OR  
b State any five labour variances and its formulae.
- 5 a From the following data, you are required to calculate :  
(i) P/V ratio (ii) Break-even sales with the help of P/V ratio (iii) Sales required to earn a profit of Rs. 4,50,000
- |                          |   |                       |
|--------------------------|---|-----------------------|
| Fixed expenses           | - | Rs. 90,000            |
| Variable cost per unit : |   |                       |
| Direct material          | - | Rs. 5                 |
| Direct Labour            | - | Rs. 2                 |
| Direct overheads         | - | 100% of Direct Labour |
| Selling price per unit   | - | Rs. 12                |
- OR

5 Cont...

- b Nashik Soap Factory, Nashik Road uses the combination of two materials X and Y which constitute 75% and 25% of the total output in units. They estimates a sale of 500 quintals of soaps during the month of July 2017. The estimates for the opening and closing stocks are as follows :

Particulars	Opening Stock	Closing stock
	Quintals	Quintals
Raw materials – X	100	140
Raw materials – Y	80	300
Finished goods	70	90

The expected purchase price of the two materials were : X : 600 per quintal and Y : 500 per quintal. Prepare : Purchase Budget.

**SECTION -B (45 Marks)**

Answer any **THREE** questions

**ALL** questions carry **EQUAL** Marks (3 x 15 = 45)

- 6 A firm maintains its stores ledger on the bass of FIFO method. Following is the summary of the receipts and issues of raw materials during the month of April 2016 :

April 01	Opening balance 300 units @Rs. 22 per unit
03	Issue vide material requisition No. 14, 150 units
08	Purchase order No., 07, 200 units @ 25 per unit
12	Purchase order No., 09, 400 units @23 per unit
17	Issue vide material requisition No. 16, 500 units
20	Issue vide material requisition No. 18, 100 units
23	Purchase Order No., 11, 600 units @20 per unit
25	Issue vide material requisition No. 26, 600 units
28	Purchase order No. 12, 200 units @ 26 per unit
29	Issue vide material requisition No. 32, 300 units
30	Shortage 10 units

- 7 Show the secondary distribution on direct redistribution method, on the basis of the under mentioned particulars relating to the production departments, A1, A2 & A3 & the service departments – canteen, power house, store, time-keeping & accounts & repair shop.

Production Departments	Cost after primary distribution (\$)
A1	40,000
A2	36,000
A3	50,000
	-----
	1,26,000
	-----
Service department's costs :	
Canteen	3,000
Power house (lighting)	2,400
Power house (power)	8,000
Stores	7,200
Time-keeping & accounts	6,000
Repair shop	9,000
	-----
	35,600
	-----

Other information :

	A1	A2	A3
No. of employees	60	50	40
No. of light points	12	16	20
Horse power of machines	600	400	600
No. of requisitions	8000	6000	10000
Value of assets	2,00,000	3,00,000	4,00,000

8 Calculate profit on work certified, cost of work in progress at the year end from the following :

- i) Materials sent to site – Rs. 86,000;
- ii) Labour on site – Rs. 70,000;
- iii) Plat at site – Rs. 80,000;
- iv) Direct expenses – Rs. 3,000;
- v) Office expenses – Rs. 4,000;
- vi) Materials returned to stores – Rs. 600;
- vii) Work certified – Rs. 1,90,000;
- viii) Work not certified – Rs. 7,700;
- ix) Materials in stock at end – Rs. 2,000;
- x) Outstanding wages – Rs. 300;
- xi) Cash received against bill – Rs. 1,61,500;
- xii) Depreciation on plant – Rs. 7,000.

9 From the summarized cash account of ABC Limited (Ltd.). Prepare cash flow statement for the year ended 31<sup>st</sup> December 2016 in accordance with AS – 3 (Revised) using the direct method and indirect method. The company does not have any cash equivalents :

Summarized Cash A/c			
Particulars	Amount (Rs. 000)	Particulars	Amount (Rs. 000)
Balance on 1-1-2016	50	Payment to Suppliers	2000
Issue of equity shares	300	Purchase of fixed assets	200
Receipts from customers	2,800	Overhead expenses	200
Sale of fixed assets	100	Wages and salaries	100
Taxation	250	Dividend	50
Repayment of Bank loan	300	Balance on 31-12-2006	150
	----- 3250 -----		----- 3250 -----

Additional information : Net profit before tax for the year 2016 was Rs. 5,00,000.

10 The statement given below the Flexible Budget at 60% capacity of Finolex Cable Ltd, Faizpur. Prepare a tabulated statement giving the budget figures at 75% and 90% capacity. Particulars of 60% capacity is given below :

Prime cost materials	1,60,000
Depreciation	60,000
Productive wages	40,000
Rent	12,000
Indirect materials	48,000
Insurance of Machinery	12,000
Indirect labour	40,000
Electric power (40% fixed)	8,000
Repairs and maintenance (60% fixed)	20,000