2016

(5th Semester)

COMMERCE

(Honours)

Paper No. : BCAF–05

(Advanced Cost and Management Accounting)

Full Marks : 70
Pass Marks : 45%

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **all** questions

1. *(a)* Discuss the nature and scope of Management Accounting. 7+7=14

Or

(b) The following figures were available in respect of Ashok Engineering Company for the year ended 31st March, 2015 :

	Financial Accounts ₹	*Cost Accounts* ₹
Opening Stock :		
Raw Materials	6,000	5,000
Work-in-Progress	7,000	6,500
Finished Stock	5,000	4,500

	Financial Accounts ₹	*Cost Accounts* ₹
Closing Stock :		
Raw Materials	4,000	4,300
Work-in-Progress	3,000	3,700
Finished Stock	5,900	6,200
Purchases	40,000	—
Direct Wages	20,000	—
Factory Expenses	20,000	21,000
Sales	1,10,000	—
Administration Expenses	3,000	2,300
Financial Expenses	1,000	—
Interest and Dividends Received	1,600	—
Selling Expenses	4,000	4,500

Compute profit in Financial A/cs as well as in Cost A/cs and prepare a Reconciliation Statement. Show clearly the reasons for variation of the two profit figures. 14

2. *(a)* What is labour turnover? Discuss the causes and effects of labour turnover.

2+6+6=14

Or

(b) Calculate the earnings of workers *A*, *B* and *C* under straight piece rate system and Merrick's multiple piece rate system from the following particulars :

7+7=14

Normal rate per hour—₹ 5·40
Standard time per unit—1 minute
Output per day is as follows :
Worker *A*—390 units
Worker *B*—450 units
Worker *C*—600 units
Working hours per day are 8

3. *(a)* The following information is available in respect of a contract undertaken by a contractor in 2013. The contract price was for ₹ 10,00,000 :

	₹
Materials issued	1,00,000
Wages paid	2,00,000
General charges	10,000
Plant installed at site (on 1st July, 2013)	1,00,000
Materials from another contract	15,000
Materials sent to godown	5,000
Wages outstanding	10,000
Materials transfer to another contract	25,000
Materials used from other contract	15,000
Materials damaged	10,000
Work certified	7,50,000
Work not yet certified	35,000
Closing materials at 31.12.2013	45,000
Office and managerial expenses	1,00,000

The office and management devoted $\frac{1}{4}$ th time for this contract. Depreciation on plant is to be provided at 20% p.a.

Prepare Contract A/c and show what part of profit on contract should be credited to Profit & Loss A/c if 80% of work certified received in cash from contractee. 14

Or

(b) A company manufactures and sells three chemicals produced by consecutive processes. In each process 2% of the total weight put in is lost and 10% is scrapped which from processes 1 and 2 realizes ₹ 100 a ton and from process 3 ₹ 20 a ton. The product of three processes and other information are dealt with as under :

	Processes		
	1	*2*	*3*
Raw materials used (in tons)	1000	140	1348
Cost per ton (in ₹)	120	200	80
Manufacturing wages (in ₹)	30,800	25,760	18,100
Sent to warehouse for sale	25%	50%	100%

Prepare an account for each process, showing the cost per ton of each product. 14

4. *(a)* From the following information, compute—

(i) materials cost variance;

(ii) materials price variance;

(iii) materials quantity variance;

(iv) materials mix variance : 14

Standard Mix			*Actual Mix*	
Materials	*Quantity* kg	*Rate* ₹	*Quantity* kg	*Price* ₹
A	100	20	50	30
B	200	30	100	60
C	200	60	150	50
Total	500		300	

Or

(b) What are the importances of marginal costing? Explain the difference between absorption costing and marginal costing. 6+8=14

5. *(a)* The monthly budgets for manufacturing overhead of a concern for two levels of activities were as follows :

Capacity	60%	100%
Budgeted production (units)	600	1000

	₹	₹
Wages	1,200	2,000
Consumable stores	900	1,500
Maintenance	1,100	1,500
Power and fuel	1,600	2,000
Depreciation	4,000	4,000
Insurance	1,000	1,000
	9,800	12,000

You are required to—

(i) indicate which of the items are fixed, variable and semivariable;

(ii) prepare a budget for 80% capacity;

(iii) find the total cost, both fixed and variable, per unit of output at 60%, 80% and 100% capacity. 3+5+6=14

Or

(b) Discuss the concept of transfer pricing. Explain the major methods of transfer pricing. 4+10=14

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