

2017

( 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*

1. (a) Distinguish between Management Accounting and Financial Accounting. Explain the role of Management Accounting in decision-making. 7+7=14

Or

- (b) A Ltd. has the following details from the financial books for the year ended 31st March, 2010 :

*Profit & Loss A/c*

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
	₹		₹
To Opening Stock		By Sales	
(500 units		(10250 units)	28,70,000
@ ₹ 140 each)	70,000	" Closing Stock	
" Material		(250 units	
Consumed	10,40,000	@ ₹ 200 each)	50,000
" Wages	6,00,000		
" Gross Profit c/d	12,10,000		
	<u>29,20,000</u>		<u>29,20,000</u>

8L/129

( Turn Over )

( 2 )

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
	₹		₹
To Factory Overheads	3,79,000	By Gross	
" Administration		Profit b/d	12,10,000
Overheads	4,24,000	" Interest	1,000
" Selling Overheads	2,20,000	" Rent Received	40,000
" Bad Debts	16,000		
" Preliminary			
Expenses	20,000		
" Net Profit	1,92,000		
	<u>12,51,000</u>		<u>12,51,000</u>

The cost sheet reveals the following information :

- (i) Material consumed @ ₹ 104 per unit
- (ii) Labour cost @ ₹ 60 per unit
- (iii) Factory overheads absorbed at 60% of labour cost
- (iv) Administration overheads at 20% of factory cost
- (v) Selling expenses are charged at ₹ 24 per unit sold
- (vi) The opening stock of finished goods is valued at ₹ 180 per unit

Prepare—

- (1) a statement showing profit as per Cost A/cs for the year ended 31st March, 2010;
- (2) a statement showing the reconciliation of profit as disclosed in Cost A/cs with the profit shown in Financial A/cs. 14

( 3 )

2. (a) Discuss the essential characteristics of a good system of wage payment. Explain the various methods (any four) of time wage system of wage payment. 6+8=14

Or

- (b) Modern Manufacturers Ltd. has three production departments  $P_1$ ,  $P_2$  and  $P_3$  and two service departments  $S_1$  and  $S_2$ . The details pertaining to which are as under :

	$P_1$	$P_2$	$P_3$	$S_1$	$S_2$
Direct wages (₹)	3,000	2,000	3,000	1,500	195
Working hours	3070	4475	2419	—	—
Value of machines (₹)	60,000	80,000	1,00,000	5,000	5,000
HP of machines	60	30	50	10	—
Light points	10	15	20	10	5
Floor space (sq. ft.)	2000	2500	3000	2000	500

Following figures extracted from the accounting records are as under :

Rent and rates—₹ 5,000

General lighting—₹ 600

Indirect wages—₹ 1,939

( 4 )

Power—₹ 1,500

Depreciation on machines—₹ 10,000

Sundries—₹ 9,695

The expenses of the service departments are allocated as under :

	$P_1$	$P_2$	$P_3$	$S_1$	$S_2$
$S_1$	20%	30%	40%	—	10%
$S_2$	40%	20%	30%	10%	—

Find the total overheads of production departments charging service department costs to production departments on repeated distribution or simultaneous equation method.

14

3. (a) Following information has been extracted from the costing records of the Jai Engineering Works in respect of Job No. 28 :

Materials—₹ 3,450

Wages :

Dept. A—60 hours @ ₹ 3 per hour

Dept. B—40 hours @ ₹ 2 per hour

Dept. C—20 hours @ ₹ 4 per hour

( 5 )

Overheads expenses for the three departments were estimated as follows :

Variable overheads :

Dept. A—₹ 4,000 for 4000 direct labour hours

Dept. B—₹ 3,000 for 1500 direct labour hours

Dept. C—₹ 1,000 for 500 direct labour hours

Fixed overheads estimated at ₹ 10,000 for 10000 normal working hours

Calculate the total cost of Job No. 28 and price to be charged so as to give a profit of 20% on selling price.

14

Or

- (b) ABC Ltd. produces a product completed in three consecutive processes. During a particular month, the input to process I of the basic raw material was 5000 units at ₹ 2 per unit. The details of cost incurred in each process are given below :

	Processes		
	I	II	III
Output (units)	4700	4300	4050
Normal loss (%)	5	10	5
Scrap value per unit (₹)	1	5	6
Direct wages (₹)	3,000	5,000	8,000
Direct expenses (₹)	9,750	9,910	15,560

( 6 )

Overheads, ₹ 32,000 total, chargeable as percentage of direct wages to each process.

There were no opening or closing stock of work-in-progress.

Compile three process accounts and cost per unit in each process.

14

4. (a) A company has fixed expenses of ₹ 90,000 with sales at ₹ 3,00,000 and a profit of ₹ 60,000 during the first half-year. If in the next half-year, the company suffered a loss of ₹ 30,000, calculate the—

- (i) P/V ratio, break-even point and margin of safety for the first half-year;
- (ii) expected sales volume for next half-year assuming that selling price and fixed expenses remain unchanged;
- (iii) break-even point and margin of safety for the whole year.

14

Or

- (b) What is standard costing? Brief out the advantages and limitations of standard costing.

2+8+4=14

( 7 )

5. (a) Discuss the advantages and limitations of budgetary control. 7+7=14

Or

- (b) Distinguish between Fixed Budget and Flexible Budget. Also bring out the advantages of Responsibility Accounting. 9+5=14

\*\*\*