2 0 2 0

(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)* Explain the nature and scope of Management Accounting. 7+7=14

Or

(b) Following figures are available from financial accounts for the year ended 31st March, 2019 :

	₹
Direct Materials	5,00,000
Direct Wages	2,00,000
Factory Overheads	7,60,000

	₹
Administrative Overheads	5,00,000
Selling and Distribution Overheads	9,60,000
Bad Debts	40,000
Preliminary Expenses	20,000
Legal Charges	10,000
Dividend Received	1,00,000
Interest on Deposits Received	20,000
Sales (120000 units)	14,00,000
Closing Stock :	
Finished Stock (40000 units)	2,40,000
Work-in-Progress	1,60,000
Cost A/cs Reveal :	
Direct Material Consumption	5,60,000

Factory overhead at 20% on prime cost, administrative overhead at ₹ 6 per unit of production, selling and distribution overhead at ₹ 8 per unit sold.

Prepare Reconciliation Statement. 14

2. *(a)* What is labour turnover? Discuss the causes and effects of labour turnover. 2+6+6=14

Or

(b) Anand 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 accounting records are as under :

	₹
Rent and Rates	5,000
General Lighting	600
Indirect Wages	1,939
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 departments costs to production departments on simultaneous equation methods. 14

3. *(a)* Alcon Construction Co. Ltd. commenced its business on 1st January, 2015. The following data has been extracted from its books in relation to a contract :

	₹
Cash received from contractee	1,20,000
Materials	40,000
Direct labour	55,000
Expenses at site	2,000
Plant and equipments (at cost)	30,000
Fuel and power	2,500

The contract price was ₹ 3,00,000 and the work certified ₹ 1,50,000. The work completed since certification had been estimated at ₹ 1,000 (at cost).

Machinery costing ₹ 2,000 was returned to stores at the end of the year. Stock of materials at site on 31.12.2015 was worth ₹ 5,000 and wages outstanding were ₹ 200. Depreciation on machinery was to be charged at 10%.

Prepare Contract A/c. 14

Or

(b) A product is obtained after it passes three distinct processes. The following information is obtained from the accounts for the month ending March 2019 :

Items	*Process* I	*Process* II	*Process* III	Total
Direct materials (₹)	2,600	1,980	2,962	7,542
Direct wages (₹)	2,000	3,000	4,000	9,000
Production overheads (₹)	—	—	—	9,000
% of normal loss to input	5%	10%	15%	
Output (in units)	950	840	750	
Value of scrap per unit (₹)	2	4	5	

Prepare Process A/c and show the workings. 14

4. *(a)* What is standard costing? Explain the advantages and limitations of standard costing. 2+6+6=14

Or

(b) The following information is obtained from Anwar Ltd. for the year 2018 :

	₹
Sales	6,00,000
Variable Cost	3,00,000
Fixed Cost	1,50,000

You are required to calculate the—

(i) P/V ratio, Break-even point and Margin of safety at this level;

(ii) effect of 10% decrease in sale price on P/V ratio, Break-even Point and Margin of safety. 7+7=14

5. *(a)* Give the meaning of budget. Discuss the objectives of budgetary control. Distinguish between Fixed budget and Flexible budget. 2+4+8=14

Or

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

Capacity	60%	100%
Budgeted Production (units)	6000	10000

	₹	₹
Wages	12,000	20,000
Consumable Stores	9,000	15,000
Maintenance	11,000	15,000
Power and Fuel	16,000	20,000
Depreciation	40,000	40,000
Insurance	10,000	10,000
	98,000	1,20,000

You are required to—

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

(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

★ ★ ★