**MCM33/PCM33 — ADVANCED COST
ACCOUNTING**

Time : Three hours   Maximum : 75 marks

SECTION A — (5 × 6 = 30 marks)

Answer ALL questions.

1. (a) What are the limitations of cost accounting?

Or

(b) You are required to compile a statement
showing cost and profit from the information
given. Showing clearly :

(i)   Material consumed

(ii) Prime cost

(iii) Works cost

(iv) Cost of production

(v)   Cost of sales

(vi) Profit and

(vii) Sales

	Rs.
Material purchased	2,00,000
Wages	1,00,000

884

	Rs.
Direct expenses	20,000
Opening stock of materials	40,000
Closing stock of materials	60,000

Factory overhead is absorbed at 20% on wages. Administration overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

2. (a) 100 units are introduced into Process I at a cost of Rs. 9,600 and an expenditure of Rs. 4,800 is increased. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs. 10 per unit. The actual output of process I is 90 units, transferred to Process II. Prepare Process I account.

Or

(b) Kamal Products Ltd., manufactures two joint products 'M' and 'N' from a single production process whose sales prices are Rs. 20 per unit and Rs. 60 per unit respectively. During September 2010, 2000 units of 'M' and 1,000 units of 'N' were produced at a join cost of Rs. 28,000 and they were sold. Their post separation cost was M Rs. 10,000 N Rs. 20,000. Apportion the joint cost.

884

3. (a) From the following data, calculate labour variances:

The budgeted labour force for producing product A is :

20 Semi-skilled workers @ p .75 per hour for 50 hours

10 skilled workers @ Rs. 1.25 per hour for 50 hours

The actual labour force employed for producing A is

22 semi-skilled workers @ p .80 per hour for 50 hours

8 skilled workers @ Rs. 1.20 per hour for 50 hours.

Or

(b) From the following data, calculate materials yield variance:

	Standard mix	Actual mix
Material A	200 units @ Rs. 12	160 units @ Rs. 13
Material B	100 units @ Rs. 10	140 units @ Rs. 10

Standard loss allowed is 10% of input. Actual output is 275 units.

4. (a) What do you meant by scrap?

Or

(b) Explain the advantages of cost reduction.

5. (a) Write a brief note on ABC analysis.

Or

(b) What is Just in time? Explain it's features.

SECTION B — (3 × 15 = 45 marks)

Answer any THREE questions.

6. What are the requisites of a good costing system?

7. The following details are available in respect of processes 'A' and 'B' for May 2010 :

	Process A Rs.	Process B Rs.
Materials consumed	50,000	10,000
Wages	20,000	30,000
Overheads	10,000	10,000

Process 'A' transfers its output to Process 'B' at a profit of 20% on transfer price and Process 'B' transfers its products to finished stock at 20% on cost. The finished goods are sold for Rs. 2,00,000.

Prepare the process accounts, finished stock account and profit and loss account showing the total profit for the month, assuming the sundry expenses were Rs. 20,000, which were not apportioned to the process.

8. The following information has been obtained from the records of a manufacturing organisation using the standard costing system.

	Standard	Actual
Production (units)	4,000	3,800
Working days	20	21
Fixed overheads (Rs.)	40,000	39,000
Variable overheads (Rs.)	12,000	12,000

You are required to calculate the following overhead variances.

(a) Variable overhead variance

(b) Fixed overhead variance

    (i) Expenditure variance

    (ii) Volume variance

    (iii) Efficiency variance

    (iv) Calendar variance

Also prepare a statement reconciling the standard fixed overheads worked out by using the standard overhead rate and the actual fixed overheads.

9. What are techniques of costing? Explain them briefly.

10. What are the functional areas involved in activity based costing?

_____