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

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

Particulars	Amount ₹	Particulars	Amount ₹
To Factory Overheads	3,79,000	By Gross Profit b/d	12,10,000
" Administration 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		
	12,51,000		12,51,000

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

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

(Turn Over)

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

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

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

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

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