B.COM. II YEAR (HONS.)

Sub. : ADVANCE COST ACCOUNTING

MODAL PAPER-I

Time Allowed: 3 Hour Max. Marks: 100

Q.1Explain clearly the following term and distinguish one from the other;

(a) spoilage (b) defective (c) waste (d)scrap.

OR

Engine Ltd. manufacture engines for many types of airways. They have been asked to bid on a prospective contract for 90 engines mounting for the jumbo jet aircraft. 80% learning ratio is thought to be pertinent in this case. The marketing director believes that the tender is unlikely to be accepted if it exceeds rs.1,10,000. As the company is short of work, it believes the contract to be vital. Company have just completed an initial run of 30 engines of similar type at the following costs:

Particulars	Rs.
Direct material	20000
Direct labour (6,000 hours @rs.4)	24000
Tooling cost (Re-usable)	3000
Variable overhead (Re. 0.50 per labour hour)	3000
Fixed overhead (Re. 1 per labour hour	6000
	56000

You are required to comment wheter is it worth accepting at rs.1,10,000.

Q.2 Ganguli Ltd opens the costing record, with the balance, as on 1st April, 2014 as follows:

Store ledger control a/c	248000	
Work in progress ledger control a/c	125000	
Stock ledger control a/c	248000	
Production overheads a/c	16800	
Administration overheads a/c	-	24000
Selling and distribution overheads a/c	12500	
Cost ledger adjustment a/c	-	626300
	650300	650300

The following are the transactions for the year ended 31st march,2014:

Material purchased
Materials issued to jobs
Materials to work maintenance
Materials to administration office
Materials to selling department
Wages-production
Wages-non productive
Transportation expenses for incoming materials
Production overheads
Absorbed production overheads
Administrative overhead incurred
Administrative overheads allocated to finished production
Administrative overheads allocated to sales

960200
954800
82400
6800
14400
298600
1300
16800
484500
718200
14800
105800
29600
128400
16400
1916800
1954600

Sales overheads
Sales overheads absorbed
Finished goods produced
Finished goods sold
Sales realization

Make up the various accounts as you envisage in the cost ledger and prepare a trial balance as on 31st march 2014.

OR

Q.3 From the following details prepare Process B Account :

Opening W.I.P. : 400 units at 5,150; Closing W.I.P. : 1,000 units, Transfer from process A : 10,600 units at 82,300; Transfer to Process C : 9,600 units, units scrapped : 400.

Normal waste in process	:	5% of gross production
Sale of scrap	:	3 per unit
Degree of completion :	As regards	
	Materials	Labour and Overhead
Opening W.I.P.	80%	60%
Closing W.I.P.	70%	50%
Scrap (waste)	100%	70%
Direct Material added in Process	39,520	
Direct Wages incurred	19,520	
Production overhead	9,760	

OR

Define joint product. Mention the various method of accounting for joint product.

Q.4 Following figures relate to Rajkot Mills Ltd,for the year 2014 :

	Rs.
Fixed Factory Overhead	4,00,000
Fixed Selling and distribution overhead	2,00,000
Variable Cost per unit	12
Selling Price per unit	20

Yven point in units ou are required to calculate the followings :

(i) Break-even point in units ou are required to calculate the followings :

::

(ii) Sales units to earn a profit of Rs. 5,000 per month during the year ;

(iii) Number of units to earn a net income of 25% on cost ;

(iv) Selling price per unit if BEP is to be brought down by 15,000 units ;

(v) Selling price to earn a profit of 20% on sales by selling 50,000 units

OR

On the basis of the following information determine the product – mix to give the highest profit if at least two products are produces.

Products	X	Y	Z
Raw Material per unit (Kg.)	20	12	30
Machine hours per unit (Hours)	3	5	4
Selling Price per unit	250	200	400
Maximum units of production	1,500	1,500	750

Only 9,200 hours are available for production at a cost of 10 per hour and maximum 50,000 Kg. of material @ 10 per Kg. can be obtained .

Q.5

A firm purchases 10,000 units p.a. of a spare part from an outside supplier at 5 per unit. There is a proposal that the spare part be manufactured in the factory itself . for this purpose machine costing 50,000 with a capacity of 20,000 units per annum and a life of 5 year, will be needed. A foreman with a monthly salary of 1,800 p.m. will be engaged for this purpose. Materials required will be 60 paisa per unit and wages 40 paisa per unit. Variable overheads are 150% of wages and fixed overheads are recovered at 200% of wages. The can easily raise fund @ 12% per annum. Advise the firm whether the proposal be accepted.

OR

Write short notes on :

a Own or lease

b. Replace or retain

c. Now or later

d. Shutdown or continue

B.COM. Part-II (HONS.)

Sub. : ADVANCE COST ACCOUNTING

MODAL PAPER-II

Time Allowed: 3 Hour Max. Marks: 100

Q.1 What is meant by cost accounting ? discuss its objectives , merits and limitations.

OR

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Materials to selling department	14400
Wages-production	298600
Wages-non productive	1300
Transportation expenses for incoming materials	16800
Production overheads	484500
Absorbed production overheads	718200
	14800
	105800

Administrative overhead incurred
Administrative overheads allocated to finished production
Administrative overheads allocated to sales
Sales overheads
Sales overheads absorbed
Finished goods produced
Finished goods sold
Sales realization

Make up the various accounts as you envisage in the cost ledger and prepare a trial balance as on 31st march 2014.

Q.3 Product A yields by-products X and Y. The joint and subsequent expenses of manufacture were as follows:

Prepare a statement showing apportionment of joint costs of manufacture and prepare production accounts.

OR

From the following details prepare Process B Account :

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Q.4 The following data are available relating to a company :

Unit selling price Rs 10, Unit variable manufacturing cost Rs. 5.50 unit variable selling cost Rs 1.50, fixed factory expenses Rs 2,70,000 and fixed selling overhead Rs 1,26,000

(i) How many units are needed to be sold to break-even ? (ii) How much sales volume is required to earn a profit of Rs 30,000, (iii) How may units are to be sold to earn a profit of 20% on sales ? (iv) How much profit is earned at sales of Rs 20,00,000 (v) What should be the selling price per unit to attain break-even point at 1,20,000 units ?

OR

A limited company has two factories- Main factory and Feeder factory. Main factory is running at 70% capacity (installed capacity is 1,20,000 units) and the Feeder factory supplies its requirements by working at 80% capacity). The cost structure of the feeder factory is given below:

Rs.

Materials	1,68,000
Wages (50 paisa per unit plus fixed D.A.)	60,000
Apportioned fixed Overheads	75,000
Variable Overheads	42,000
	3,45,000

The production of the Mian factory is to be increased to 80% capacity. The component produced in feeder factory can be purchased from the market at Rs 3.50 per unit. As the cost of Feeder Factory exceeds Rs 4 per unit, it is proposed to obtain the additional requirement from the market instead of getting it from the Feeder Factory. Advise the Management.

Q.5

Masco Lld. Produces 20,000 units of a product operating at normal capacity. Selling price and cost per unit are as follows:

Direct Materials	6.50	
Direct labour		2.60
Variable Overheads		3.90
Fixed Overheads		4.00
Total Cost		17.00
Selling Price		20.00

The company expects that due to trade depriession during the next year only 2,000 units can be sold. Management plans to shutdown the plant, estimating that the fixed manufacturing overhead can be reduced to 44,000 for the next year. When the plant is operating, the fixed overhead costs are incurred at a uniform rate throughout the year. Additional costs of plant shutdown are out estimated at 15,000 . Should the plant be shutdown for next year ? Find out shutdown point in units .

OR

Discuss the cost and non-cost factors that are to be taken into consideration for taking managerial decisions (a) “to make or buy” (b) “to expand capacity or not”