

26023704



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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, MAY 2026

Fourth Semester

Faculty of Commerce

Elective - Finance

AC04C16—ADVANCED COST ACCOUNTING

(2016 – 2018 Admissions—Mercy Chance)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **five** questions.*

Each question carries a weight of 1.

1. What is abnormal gain ? How is it calculated and accounted for ?
2. Distinguish between spoilage, scrap, and defectives.
3. What is the P/V ratio ? How does it help in profit planning ?
4. What is a master budget and explain its importance ?
5. Define standard costing and explain its objectives.
6. Explain the causes of material variance.
7. What are subsidiary ledgers in an integrated accounting system ?
8. Discuss the advantages of reconciliation of cost and financial accounts.

(5 × 1 = 5)

Section B

*Answer any **five** questions.*

Each question carries a weight of 2.

9. What is meant by equivalent production ? Discuss its significance in determining process costs.
10. Explain the concept of Margin of Safety ? Discuss its significance in managerial decision making.

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11. Evaluate the role of standard costing in cost control and performance evaluation.
12. Explain the essentials of a successful budgetary control system.
13. A certain chemical process yields 75 % of the materials, introduced as main product. 20 % as a by-product 5 % being lost. The percentage of material consumed by main product and by-products is 80 : 20. Time taken to produce one unit of by-product is half the time taken by main product. Overheads have been allocated 200 % of wages of each product.

<i>Cost data</i>		Rs.	<i>Units</i>
Raw material	...	10,000	2,000
Labour	...	8,500	
Overheads	...	17,000	
Total		<u>35,500</u>	

Prepare the Statement of Apportionment of cost.

14. The net profits shown by financial accounts of a company amounted to Rs. 18,550 whilst the profits disclosed by company's cost accounts for that period were Rs. 28,660. On reconciling the figures, the following differences were noted :
 - (i) Director's fees not charged in cost accounts—Rs. 650
 - (ii) A provision for bad and doubtful debts—Rs. 570
 - (iii) Bank interest—Rs. 30
 - (iv) Income tax—Rs. 8,300
 - (v) Overheads in the cost accounts were estimated at—Rs. 8,500. The charge shown by the financial books was Rs. 8,320.
 - (vi) Depreciation of Rs. 800 was provided in financial accounts Prepare a statement reconciling the figures shown by the cost and financial accounts.





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15. The standard time and rate for unit component A are given below :

Standard hours 15

Standard rate—Rs. 4 per hour

The actual data and related information are as under :

Actual production 1,000 units

Actual hours 15,300 hrs.

Actual rate Rs. 3.90 per hour.

Calculate : (i) Labour Cost Variance ; (ii) Labour Efficiency Variance ; and (iii) Labour Rate Variance.

16. Quality Enterprises Manufacturing Water Coolers is working at 40 % capacity producing 1,000 coolers per year. The cost elements for each cooler are given as under :

		Rs.
Material	...	2,000
Labour	...	600
Overheads	...	1000 (40 % Variable)

Each cooler sells for Rs. 4,000. The selling price falls by 3 % if production is at 50 % capacity, and by 5 % if worked at 90 % capacity. The fall in selling prices is accompanied by similar fall in material prices. You are required to find out (a) profit at 50 % and 90 % capacities ; (b) break-even points at both levels.

(5 × 2 = 10)

Section C

*Answer any **three** questions.*

Each question carries a weight of 5.

17. Describe the role of Marginal Costing techniques in profit planning and cost control.
18. What is integrated costing system ? Discuss its objectives and advantages.
19. Define Budget and Budgetary Control. Explain their role in modern business management.

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20. A factory producing article X also produces a by-product Y which is further processed into finished product. The joint cost of manufacture is given below :

		Rs.
Material	...	5,000
Labour	...	3,000
Overheads	...	2,000
		<u>10,000</u>

Subsequent costs are given below :

		X	Y
Material	...	3,000	1,500
Labour	...	1,400	1,000
Overheads	...	<u>600</u>	<u>500</u>
	...	<u>5,000</u>	<u>3,000</u>

Selling prices are : X Rs. 16,000 and Y Rs. 8,000.

Estimated profits on selling prices are 25 % for X 20 % for Y. Assume that selling and distribution expenses are in proportion of sales price. Show how you would apportion joint cost of manufacture and prepare a statement showing cost of production of X and Y.

21.

	<i>Standard</i>			<i>Actual</i>		
	<i>Qty.</i>	<i>Sale price</i>	<i>Total</i>	<i>Qty.</i>	<i>Sale price</i>	<i>Total</i>
	Rs.	Rs.		Rs.	Rs.	
Product X	500	5	2,500	500	5	2,500
Product Y	400	6	2,400	600	6.50	3,900
Product Z	300	7	2,100	400	6.75	2,700
	1,200		7,000	1,500		9,100

Calculate :

- Sales value variance.
- Sales price variance.
- Sales mix variance.
- Sales sub-volume variance.





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22. For production of 10,000 Electrical Irons the following are budgeted expenses :

	<i>Per Unit (Rs.)</i>
Direct materials	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs. 1,50,000)	15
Variable expenses (Direct)	5
Selling expenses (10 % fixed)	15
Administration expenses (50,000 rigid for all Levels of production)	5
Distribution expenses (20 % fixed)	5
Total cost of sales per unit	160

Prepare budget for production of 6,000, 7,000, and 8,000 Irons. Showing distinctly marginal cost and total cost.

(3 × 5 = 15)

