

**2015**

( 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) Discuss the objectives and advantages of Cost Accounting. 7+7=14

Or

- (b) The accounts of Sunshine Manufacturing Company for the year ended December 2014 show the following :

Factory Office Salaries	6,500
General Office Salaries	12,600
Carriage Outwards	4,300
Carriage on Purchases	7,150

	₹
Bad Debts Written Off	6,500
Repairs of Plant and Machinery	4,450
Rent, Rates, Taxes and Insurance :	
Factory	8,500
Office	2,000
Sales	4,61,100
Stock of Materials :	
31.12.2013	62,800
31.12.2014	48,000
Materials Purchased	1,85,000
Travelling Expenses	2,100
Traveller's Salaries and Commission	7,700
Productive Wages	1,26,000
Depreciation :	
Plant and Machinery	6,500
Furniture	300
Director's Fees	6,000
Gas and Water :	
Factory	1,200
Office	400
Manager's Salary ( $\frac{3}{4}$ factory and $\frac{1}{4}$ office)	10,000
General Expenses	3,400
Income Tax	500
Dividend	1,000

Prepare a statement giving the following information : 14

- (i) Material Consumed
- (ii) Prime Cost
- (iii) Factory Cost
- (iv) Cost of Production
- (v) Total Cost
- (vi) Net Profit

2. (a) Explain the method of wage payment under time wage payment and piece rate system. 7+7=14

Or

- (b) The Hilton Company is divided into four departments— $P_1$ ,  $P_2$  and  $P_3$  are producing departments and  $S_1$  is a service department. The actual costs for a period are as follows :

	₹
Rent	1,000
Repairs to Plant	600
Depreciation of Plant	450
Employer's Liability for Insurance	150
Supervision	1,500
Fire Insurance in Respect of Stock	500
Power	900
Light	120

The following information is available in respect of the four departments :

	<i>Departments</i>			
	$P_1$	$P_2$	$P_3$	$S_1$
Area (sq. meter)	1500	1100	900	500
No. of Employees	20	15	10	5
Total Wages (in ₹)	6,000	4,000	3,000	2,000
Value of Plant (in ₹)	24,000	18,000	12,000	6,000
Value of Stock (in ₹)	15,000	9,000	6,000	—
HP of Plant	24	18	12	6

Apportion the costs to the various departments on the most equitable basis.

14

3. (a) The information given below has been taken from the cost records of a factory in respect of Job No. 702 :

Direct Material—₹ 4,010

Wages detail :

Departments :

A—60 hours @ ₹ 3 per hour

B—40 hours @ ₹ 2 per hour

C—20 hours @ ₹ 5 per hour

The variable overheads are as follows :

Departments :

A—₹ 5,000 for 5000 hours

B—₹ 3,000 for 1500 hours

C—₹ 2,000 for 500 hours

Fixed expenses estimated at ₹ 20,000 for 10000 working hours.

Calculate the cost of the Job No. 702 and the price for the Job to give a profit of 25% on the selling price.

14

Or

- (b) A product is 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. Other information for the month was as follows :

	Processes		
	I	II	III
Output (units)	4700	4300	4050
Normal loss as % of input	5	10	5
Scrap Value per unit (in ₹)	1	5	6
Direct Wages (in ₹)	3,000	5,000	8,000
Direct Expenses (in ₹)	9,750	9,910	15,560

Overhead, ₹ 32,000 total, chargeable as percentage of direct wages.

There were no opening or closing work-in-progress stocks.

Compile three Process A/cs and Finished Stock A/c with details of abnormal loss and gain, where applicable.

4. (a) Describe the main feature of marginal costing. Also discuss the advantages and disadvantages of marginal costing.

5+4+4=14

Or

- (b) The following information is obtained from Weber's Ltd. for the year 2013 :

₹	
Sales	60,000
Variable Cost	30,000
Fixed Cost	15,000

You are required to calculate the—

- (i) P/V ratio, Break-even point and Margin of safety at this level;
- (ii) effect of 10% increase in sale price on P/V ratio, Break-even point and Margin of safety. 7+7=14
5. (a) Discuss the objectives of budgetary control. Distinguish between Fixed budget and Flexible budget. 6+4+4=14

Or

- (b) Discuss the concept of responsibility accounting. Briefly explain the essential features of responsibility accounting.

5+9=14

\*\*\*