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(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)* Define Management Accounting. How does management accounting differ from financial accounting? 4+10=14

Or

(b) The following figures have been extracted from the financial accounts of a manufacturing firm for the first year of its operations :

	₹
Direct Material consumed	50,00,000
Direct Wages	30,00,000

	₹
Factory Overheads	16,00,000
Administrative Overheads	7,00,000
Selling and Distribution Overheads	9,60,000
Bad Debts	80,000
Preliminary Expenses written off	40,000
Legal Charges	10,000
Dividends received	1,00,000
Interest received on deposits	20,000
Sales (120000 units)	1,20,00,000
Closing Stock :	
Finished Goods (4000 units)	3,20,000
Work-in-Progress	2,40,000

The cost accounts for the same period reveal that the direct material consumption was ₹ 56,00,000. Factory overheads are recovered at 20% on prime cost. Administrative overheads are recovered at ₹ 6 per unit of production. Selling and distribution overheads are recovered at ₹ 8 per unit sold.

Prepare the Profit and Loss Accounts both as per financial records and as per cost records. Reconcile the profits as per the two records. 4+4+6=14

2. *(a)* Explain with examples *(i)* FIFO and *(ii)* LIFO methods of pricing the issue of materials. 7+7=14

Or

(b) The following particulars are related to a manufacturing company which has three production departments—*P*, *Q* and *R* and two service departments—*X* and *Y* :

Production Departments :

P : ₹ 2,000

Q : ₹ 1,500

R : ₹ 1,000

Service Departments :

X : ₹ 500

Y : ₹ 400

The service department expenses are charged on a percentage basis as follows

	Production Departments			*Service Departments*	
Service Depts.	*P*	*Q*	*R*	*X*	*Y*
X	20%	30%	40%	—	10%
Y	30%	30%	20%	20%	—

Prepare a statement showing the distribution of the two service departments expenses to three production departments under (i) simultaneous equation method and (ii) repeated distribution method. 7+7=14

3. (a) From the following information, prepare Contract A/c, Contractee A/c and Work-in-Progress A/c : 10+2+2=14

	₹
Work certified by architects	1,43,000
Cash received from the contractee	1,30,000
Materials sent to site	64,500
Labour engaged on site	54,800
Plant installed at site	11,300
Value of plant at 30th June (Closing)	8,200
Cost of work not yet certified	3,400
Establishment charges	3,250
Direct expenditure	2,400
Wages accrued due	1,800
Materials, closing balances	1,400
Materials returned to store	400
Direct expenses accrued due	200
Contract price	2,00,000

Or

(b) Product *A* is obtained after it passes through three distinct processes. You are required to prepare Process Accounts from the following information : 14

		Process		
	Total	*X*	*Y*	*Z*
	₹	₹	₹	₹
Material	15,084	5,200	3,960	5,924
Direct Wages	18,000	4,000	6,000	8,000
Production Overheads	18,000			

1000 units @ ₹ 6 per unit were introduced in Process *X*. Production Overheads to be distributed as 100% on Direct Wages.

	Actual Output	*Normal Loss*	*Value of Scrap per unit*
	Unit	%	₹
Process *X*	950	5%	4
Process *Y*	840	10%	8
Process *Z*	750	15%	10

4. (a) What do you mean by Standard Costing? Discuss the advantages and disadvantages of standard costing. 4+5+5=14

Or

(b) From the following data, calculate—

(i) P/V ratio;

(ii) profit when sales are ₹ 20,000;

(iii) new break-even point if selling price is reduced by 20% :

Fixed expenses—₹ 4,000
Break-even point—₹ 10,000

4+5+5=14

5. *(a)* What is meant by zero-base budgeting? How does it differ from traditional budgeting? Discuss its advantages and disadvantages. 2+6+6=14

Or

(b) Prepare a flexible budget from the following information at 50%, 60% and 70% capacity : 14

	At 60% capacity
	₹
Variable Overheads :	
Indirect material	3,000
Indirect labour	9,000
Semi-variable Overheads :	
Electricity (40% fixed 60% variable)	15,000
Repairs (80% fixed 20% variable)	1,500

	₹
Fixed Overheads :	
Depreciation	8,250
Insurance	2,250
Salaries	7,500
Total overheads	46,500

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