

Program: M.COM PART - I Semester: II Program Code: 2120361  
 Course: Advanced Cost Accounting Course Code: 59312  
 Duration: 2 Hours Examination Pattern: NEP-Autonomous-External Max. Marks: 50

**Instructions:**

- All questions are compulsory.
- Figures to the right indicate full marks.
- Draw neat diagrams wherever necessary.

**Examination:**  
**REGULAR**

Q. 1 Solve the following: (Any one) [14]

- (A) V.B. Industries Ltd. is manufacturing a product which passes through three consecutive processes i.e. Process P, Process Q, and Process R. The following figures have been taken from their books for the year ended 31 March, 2023.

Particulars	Process P	Process Q	Process R
No. of units produced	10,000	-	-
Rate per unit of units introduced (₹)	400	-	-
Output during the year (units)	8,500	7,500	6,500
Normal loss (% on units introduced in each process)	10%	20%	15%
Scrap value per unit( ₹)	100	150	200
Process Stock			
Opening (units)	1,500	2,000	1,500
Closing (units)	1,000	1,500	1,000
Value of Opening stock per unit (₹)	550	850	1,200
Process Materials (₹)	8,00,000	7,27,000	9,42,000
Wages (₹)	3,25,000	3,75,000	4,09,000
Manufacturing Overheads (₹)	2,85,000	3,26,000	2,13,000

Closing stock is to be valued at respective cost of each process. You are required to prepare

- Process Accounts
  - Process Stock Accounts
  - Normal Loss Account
  - Abnormal Loss Account and
  - Abnormal Gain Account.
- (B) A Product passes through two distinct processes A and B and thereafter to Finished stock. From the following information you are required to prepare the process accounts, normal loss, abnormal loss and abnormal gain accounts: [14]

Particulars	Process A ₹	Process B ₹	Process C ₹
Material consumed	12,000	6,000	10,000
Direct labour	14,000	8,000	12,000
Manufacturing expenses	4,000	4,000	6,000
Input in Process A (units)	10,000	-	-
Input in value	10,000	-	-
Output (units)	9,400	8,300	7,600
Normal wastage %	5	10	10
Value of Normal Wastage (per 100 units)	8	10	10

Q. 2

Solve the following:

- (A) MM Ltd. has three production department X, Y, Z and two service departments S and C. The following details are extracted from the books of account in respect of indirect expenses incurred during April 2023 : [12]

Particulars	Amount (₹)
Indirect Cost :	
Indirect Wages	9,000
Lighting	1,200
Rent and Rates	12,000
Electric Power	6,000
Depreciation	24,000
Sundry Expenses	7,800
	60,000

Following further details are collected distribution of the above costs :

Particulars	X	Y	Z	S	C
Value of machinery (in ₹ '000)	60	50	80	10	
Horse power of machines	40	45	60	5	
Light Point (Nos:)	20	30	40	20	10
Floor space (sq. metres)	150	200	250	100	50
Direct Wages (in ₹ 000)	30	20	40	4	6

Prepare Primary Overheads Distribution Summary.

OR

- (B) ABC Company has three division A, B and C. Following are the details of their performance for a period: [06]

Particulars	A	B	C
Sales	4,00,000	10,00,000	9,00,000
Less: Variable Cost	3,00,000	8,80,000	7,20,000
Profit	1,00,000	1,20,000	1,80,000
Investment	4,00,000	10,00,000	9,00,000

- You are required to comment on the performance of three divisions on the basis of ROI.
- Using the information given above and assuming a cost of capital of 10%, find the RI of various divisions and
- Comment on their performance.

- (C) A Limited has four divisions. The following data are in respect of them.

Particulars	I (₹ in lakhs)	S (₹ in lakhs)	C (₹ in lakhs)	M (₹ in lakhs)
Total assets	12	10	14	18
Total sales	20	30	36	28
Total costs	18	27	33.6	26
Cost of capital (%)	14	18	16	10

Required:

1. Calculate the annual returns of investment.
2. Calculate the residual income.

Q. 3 Solve the following: (Any one)

- (A) A factory has 3 production departments (P1, P2, P3) and 2 service departments (S1 & S2). [12]  
The following overheads and other information are extracted from the books for the month of January 2023.

Expense	Amount ₹	Expense	Amount ₹
Rent	6,000	Supervision	9,000
Repair	3,600	Fire Insurance for stock	3,000
Depreciation	2,700	ESI contribution	900
Lighting	600	Power	5,400
Repair	3,600	Fire Insurance for stock	3,000

OR

- (B) Under ABC, Waco Ltd. Provided the following information for a month: [12]

Particulars	Estimated overhead	Expected activity	Actual overhead	Actual activity
Setups	18,000	50 setups	19,000	45 setups
Purchase orders	1,050	525 purchase orders	1,200	525 purchase orders
Product testing	3,500	350 tests	3,100	340 tests
Template etching	1,120	28 etchings	1,000	32 etchings
Facilities	20,000	8,000 sq. feet	21,000	8,000 sq. feet
Total	43,670		45,300	

What amount of overhead was applied to products during June using ABC?

- Q. 4 (A) The Modern Company is divided into four departments: A B and C are production departments and D is a service department. The actual costs for a period are as follows: [12]

Particulars	₹	Particulars	₹
Rent	10,000	Fire insurance	5,000
Repairs to plant	6,000	Power	9,000
Depreciation of plant	4,500	Light	1,000
Supervision	1,500	Employer's Insurance Liability	15,000

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

Particulars	A	B	C	D
Area (sq.ft.)	1,500	1,100	900	500
Number of employees(₹)	20	15	10	15
Horsepower of machines(₹)	800	500	200	-
Total Wages (₹)	60,000	40,000	30,000	20,000
Value of plant(₹)	2,40,000	1,80,000	1,20,000	60,000
Value of stock (₹)	1,50,000	90,000	60,000	-
Light points (Nos.)	40	30	20	10

Apportion the costs of the various departments by the most equitable method.

OR

- Q. 4 (B) Write short notes. (any three)

- Responsibility accounting.
- Disadvantages of ABC.
- Production overheads.
- Product level activities.
- Cost center.

[12]

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