

**PARUL UNIVERSITY**  
**FACULTY OF COMMERCE**  
**M.Com.(Hons) Winter 2018 – 19 Examination**

Semester: 1

Date: 29/11/2018

Subject Code: 16201102

Time: 10:30 pm to 1:00 pm

Subject Name: Advanced Cost Accounting

Total Marks: 60

**Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as directed.****A) Multiple choice type questions. (Each of one mark)****(06)**

1. Fixed expenses decrease per unit with the increase in production and increases per unit with the decrease in production.
  - a) True
  - b) False
2. Marginal costs is taken as equal to
  - a) Variable overheads
  - b) Prime Cost plus all variable overheads
  - c) Prime Cost minus all variable overheads
  - d) None of the above
3. Cost estimation include(s) the following expenditure(s)
  - a) pattern making
  - b) tool making
  - c) selling expenses
  - d) all of the above
4. \_\_\_\_\_ is stated as a budget which is made to change as per the levels of activity attained.
  - a) Fixed budget
  - b) Flexible budget
  - c) Both a and b
  - d) None of the above
5. Budgetary control does not depend on changing business situations like inflation and economic recession.
  - a) True
  - b) False
6. Budgetary control is used to make cost accounting systematic and reliable.
  - a) True
  - b) False

**B) Define the following: (Each of one mark)****(06)**

1. Marginal costing
2. Semi variable cost
3. Activity based costing
4. Absorption Costing
5. Prime cost.
6. Event

**Q.2 Answer the following. (Each of 04 mark)****(12)**

1. Difference between Direct Labor cost & Indirect Labor cost.
2. With the help of following data find:
  - Break even point
  - Sales to earn profit of Rs 20,000

Fixed cost – Rs 1,50,000

Variable cost – Rs 15 pu

Selling Price – Rs 30 pu

3. Explain Event, cost driver & cost pools.

**Q.3 Answer the following. (Any Three)****(18)**

1. What are the objectives of budgetary control?
2. Calculate the earnings of A & B from the following particulars and allocate the cost to each job:

Particulars	A	B
Basic	200	320
Dearness Allowances	50%	50%
Contribution to PF	8%	8%
Contribution ESI	2%	2%
Overtime	10 Hrs	

The normal working hrs for the factory are 300 hrs. Overtime is paid 4 times the Basic wage and DA. The two workers were employed for the following X Y & Z jobs:

	X	Y	Z
<b>Worker A</b>	40%	30%	30%
<b>Worker B</b>	50%	20%	30%

Overtime was done on job Y

3. A company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs 10,000 and earned Rs 10,000 as profit, respectively. The selling price per unit can be assumed at Rs 100.

You are required to calculate:

- I. The amount of Fixed cost
- II. The no. of units to break even

The no. of units to earn a profit of Rs. 40,000.

4. Explain the following terms:

- Material Mixture Variance
- Material yield variance
- Labor yield Variance
- Sales volume variance
- Variable overhead variance
- Sales price variance

**Q.4 Answer the following. (Any two)**

(18)

1. You are given the following data:

	Sales	Profit
Year 2011	Rs 1,20,000	8000
Year 2012	Rs 1,40,000	13000

Find out:

- I. P/V Ratio
  - II. BE point
  - III. Profit when sales are 1,80,000
  - IV. Sales required to earn a profit of Rs 12000
  - V. MOS for 2012
2. What is Cash Budget? Write detailed note on the same.
3. A product passes through 2 processes. The output of process I becomes the input of process II and the output of process II is transferred to warehouse. The quantity of raw materials introduced in the process I is 20,000 kgs @ Rs 10 per kg. The cost and output data for the month under review are as under:

	Process I	Process II
Direct materials	60000	40000
Direct Labor	40000	30000
Production overheads	39000	40250
Normal Loss	8%	5%
Output	18000	17400
Loss realization of Rs/unit	2	3

Required:

Prepare the Process account.