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B – 4371

Reg. No. :

Name :

Third Semester M.Com. Degree Examination, January 2017
Paper – 4 : CO 234 : ADVANCED COST AND MANAGEMENT
ACCOUNTING

Time : 3 Hours

Max. Marks : 75

SECTION – A

(10×2=20 Marks)

Answer **all** questions. Each question carries **2** marks.

1. What are the assumptions of marginal costing ?
2. What are the characteristics of process costing ?
3. What are the limitations of historical costing ?
4. What is the variable cost method of transfer pricing ?
5. What are the managerial uses of ratio analysis ?
6. What are the characteristics of Activity Based Costing ?
7. What is target costing ?
8. What is life cycle costing ?
9. What are objectives of total quality management ?
10. What is economic value added ?

P.T.O.



SECTION - B

(5x5=25 Marks)

Answer **any five** questions. **Each** question carries **5** marks.

11. Selling price = Rs. 150 per unit ; Variable cost = Rs. 90 per unit ; Fixed cost = Rs. 6,00,000. What is break-even point ? What is the selling price per unit if break-even point is 12,000 units ?
12. In process A, on 1st March, there was no work-in-progress. During the month of March, 2000 units of material were issued at a cost of Rs. 18,000. Labour and overheads totaled Rs. 9,000 and 6,600 respectively. On 31st March, 1500 units were completed and transferred to the next process. On the remaining 500 units, which were incomplete, degree of completion was as follows :

Materials 100% ; Labour 60% and Overheads 30%. You are required to prepare the statement of equivalent production.

13. Calculate variable overheads variances from the following :

Particulars	Budgeted	Actual
Output (Units)	20000	19000
Hours	5000	4500
Overheads :		
Fixed	Rs. 10,000	Rs. 10,500
Variable	Rs. 5,000	Rs. 4,800

14. What are the advantages of market based transfer price ?
15. Calculate cash from operating activities from the following :

Particulars	31-3-2014 (Rs.)	31-3-2015 (Rs.)
Profit and loss account	60,000	65,000
Debtors	85,000	48,000
Bills receivable	40,000	81,000
General reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries prepaid	8,000	10,000
Goodwill	70,000	60,000

16. What are advantages of activity based costing ?
17. What are the limitations of ratio analysis ?
18. What types of costs involved in the life cycle costing ?



SECTION - C

(2×15=30 Marks)

Answer any two questions. Each question carries 15 marks.

19. XY Limited manufactures auto parts. The following costs are incurred for processing 100000 units of a component :

	Rs.
Direct material	5,00,000
Direct labour	8,00,000
Variable factory overheads	6,00,000
Fixed factory overheads	5,00,000

The purchase price of the component is Rs. 22. The fixed overheads would continue to be incurred even when the component is bought from outside although there would be reduction to the extent of Rs. 2,00,000.

Should the part be made or bought, considering that the present facility when released following a buying decision would remain idle ?

20. The following information relates to Process - X for October 2015 :

Opening work in progress	200 units
Introduced during the month	1600 units
Completed during the month	1480 units
Closing work in progress	320 units

Degree of completion	Material	Labour	Overheads
Opening WIP	100%	50%	50%
Closing WIP	100%	25%	25%
Costs (Rs.) :			
Opening WIP	2,400	320	3,210
Costs incurred during the period	19,200	6,368	6,368

Assuming materials were introduced in the beginning of the process and labour and overhead were incurred uniformly throughout the process. Prepare process account using FIFO Method.

- 21. Discuss the advantages of standard costing.
- 22. Explain the various profitability ratios.