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[3570]-15

M. Com. (Part-I) (Optional) Examination - 2009

ADVANCED COST ACCOUNTING AND COST SYSTEMS

PAPER - I

ADVANCED COST ACCOUNTING

(Group - B)

(2002 Pattern)

Time : 3 Hours]

[Max. Marks : 100

Instructions :

- (1) *All questions are compulsory.*
- (2) *Figures to the right indicate full marks.*
- (3) *Use of calculator is allowed.*

SECTION - I (THEORY)

Q.1) Attempt any two of the following : [20]

- (a) Explain Percentage and Hourly Rate Methods of Absorption of Overhead.
- (b) Compare Job Costing and Process Costing.
- (c) How Cost can be calculated for Electricity Generation ?

Q.2) How Research and Development Costs can be treated in Cost Accounts ? [15]

OR

Q.2) What is meant by Labour Productivity ? Discuss factors affecting Labour Productivity. [15]

Q.3) Write short notes on any three of the following : [15]

- (a) Treatment of Cost of Voluntary Retirement
- (b) Causes of difference between Profit as per Financial Accounts and Profit as per Cost Accounts.
- (c) Capacity Utilisation
- (d) Treatment of Spoilage and Defectives Cost
- (e) Material Productivity

SECTION - II (PRACTICAL PROBLEMS)

Q.4) XYZ Ltd. is a Manufacturing Co. It has three Production Departments A, B and C and two Service Departments S₁ and S₂. The following data, for a period of one month is provided to you. Additional necessary departmental information is also given below :

The Factory Overhead incurred for the month were :

	Rs.
Indirect Materials	10,000
Indirect Labour	10,000
Electric Power	15,000
Insurance	20,000
Depreciation	40,000
Labour Welfare	1,150

Departmental Information :

Particulars	Production Depts.			Service Depts.	
	A	B	C	S₁	S₂
Direct Materials (Rs.)	12,000	12,000	12,000	2,000	2,000
Direct Labour (Rs.)	13,000	12,500	12,000	6,850	1,000
Direct Labour Hours	5,000	4,000	3,000	2,000	1,000
HP of Machines	10	8	6	4	2
Value of Assets (Rs.'000)	30	25	20	15	10
Number of Workers :					
Direct	27	27	27	12	7
Indirect	3	3	3	3	3
Distribute Expenses of S ₁ and S ₂	30%	30%	30%	10%	10%

You are required to calculate Labour Hour Rate for absorption of Overheads for the three Production Departments A, B and C after making Primary and Secondary Distribution of Overheads.

[20]

Q.5) A Company Profit as per Costing System was Rs. 46,126 whereas Audited Financial Accounts showed a Profit of Rs. 33,248. From the following information, you are required to prepare a Reconciliation Statement, showing clearly reasons for the difference between the two figures :

[15]

Profit and Loss Account for the year ended 31-3-2009

Particulars		Rs.	Particulars		Rs.
Opening Stock	4,94,358		Sales		6,93,000
Add : Purchases	1,64,308				
	<u>6,58,666</u>				
Less : Closing Stock	<u>1,50,242</u>	5,08,424			
Direct Wages		46,266			
Factory Overheads		41,652			
Gross Profit c/d		96,658			
		6,93,000			6,93,000
Administrative Exp.		19,690	Gross Profit		96,658
Selling Expenses		44,352	Sundry Income		632
Net Profit		33,248			
		97,290			97,290

Cost records show the following information :

- (1) Closing Stock was valued at Rs. 1,56,394.
- (2) Direct Wages charged during the year Rs. 49,734.
- (3) Factory Overheads absorbed Rs. 39,428.
- (4) Administration Expenses charged @ 3% on Sales.
- (5) Selling Expenses charged @ 5% of Value of Sales.

Q.6) From the following information you are required to calculate : (a) Labour Productivity, (b) Machine Productivity and (3) Material Productivity. **[15]**

During the month of March, 2009, 3,600 units were produced. Each unit contains 1 kg of Direct Material.

There are five machines and two shift working. Ten workers work in a shift. Each shift is of 8 hours. There were 25 days working in March, 2009. One machine was under repair for one day for both shifts.

Direct Material utilised for production during the month was 5,400 kgs.
