D – 3885

(Pages : 3)

Reg. No. : .....

Name : .....

Third Semester M.Com. Degree Examination, January 2018
Paper – IV : CO 234 : ADVANCED COST AND MANAGEMENT ACCOUNTING
(2014 Admission)
Elective : Finance

Time : 3 Hours

Max. Marks : 75

SECTION – A

(10×2=20 Marks)

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

1. What is LCC ?
2. What is Marginal Opportunity Cost ?
3. What is Equivalent Production ?
4. What is Labour Mix Variance ?
5. What are the advantages of Target Costing ?
6. What is Activity Based Costing ?
7. What do you mean by 'Fund from operations' ?
8. What is Key Factor Analysis ?
9. What do you mean by 'Inter-process profit' ?
10. What is a 'Common Size Statement' ?

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SECTION – B

(5×5=25 Marks)

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

11. Fifty units are introduced into a Process at a cost of rupee 1 each. The total additional expenditure incurred by the process is Rs. 30. Of the units introduced, 10 % are normally spoiled in the course of manufacture, these possess a scrap value of Rs. 0.25 each. Owing to an accident, only 40 units are produced. You are required to prepare the Process Account.

12. From the following figures, calculate the Fixed Assets Turnover Ratio.

Sales	Rs. 10,00,000
Gross Profit	20% on sales
Fixed Assets (Gross)	Rs. 2,50,000
Less : Depreciation	50,000
Fixed Assets (Net)	2,00,000

13. From the following particulars, find out the selling price per unit if B.E. Point is to be brought down to 9000 units.

	Rs.
Variable cost per unit	75
Fixed expenses	2,70,000
Selling price per unit	100

14. What is a Cash Flow Statement ? What are the uses of a Cash Flow Statement ?

15. Explain the benefits of TQM as a corporate strategy.

16. Discuss the important tools used for analysis of Financial Statements.

17. Explain role of Marginal Costing in business decision making process.

18. Briefly explain the process of Life Cycle Costing.

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SECTION – C

(2×15=30 Marks)

Answer **any two** questions. **Each** question carries **15** marks.

19. What is Activity Based Costing ? How would you develop an ABC system in a business organisation ?

20. Explain the methods of Transfer Pricing with their relative merits.

21. A product passes through two consecutive processes having relative standard output of 80% and 90% of inputs. In addition, standard yield is obtained by giving scrap allowances of 10% and 5% of outputs of Process I and II respectively. Scraps of each process are sold at Rs. 1,000 per tonne. There was no work-in-process at any stage, all materials were issued in Process I follows and all scraps arising from the processes were sold, except closing stock of 10 tonnes (opening stock was nil). Materials issued : 'A' 100 tonnes at Rs. 2,000 per tonne ; 'B' 400 tonnes at Rs. 1,500 per tonne and 'C' 500 tonnes at Rs. 1,200 per tonne.
The actual outputs and scraps were 85% and 8% in Process I and 80% and 10% in Process II. Assume that there was no price variance.
You are required to find out the standard cost and actual cost per tonne of a product.

22. Standard material for 100 kgs of Chemical 456 is given below :

Kgs	**Total**
45 kg of Material A @ Rs. 20 per kg	Rs. 900
40 kg of Material B @ Rs. 40 per kg	Rs. 1,600
25 kg of Material C @ Rs. 60 per kg	Rs. 1,500
110	
10 Standard Loss	**4,000**
100	

Actual production 2000 units of Chemical 456 and actual material usage is as follows :

Material A	1000 kgs @ Rs. 19 per kg	Rs. 19,000
Material B	850 kgs @ Rs. 42 per kg	Rs. 35,700
Material C	450 kgs @ Rs. 65 per kg	Rs. 29,250
Total	**2300 kgs**	Rs. **83,950**

Calculate the following :

i) Material cost variance,
ii) Material price variance,
iii) Material mixture variance,
iv) Material yield variance and
v) Material usage variance.

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