Seat No. : _______________

AF-115

April-2023

Int. MBA, Sem.-VIII

Advanced Cost and Management Accounting

Time : 2½ Hours] **[Max. Marks : 70**

1. Attempt ANY **TWO** from the following : **14**

(A) Ram Construction Co. has obtained a contract for construction of a building. The price of the contract is ₹ 12,00,000 and work commenced on 1st April, 2022. The following details are shown in their books for the year ending 31st March, 2023.

Particulars	**Amount ₹**
Material issued to site	3,36,000
Labour	3,40,000
Plant purchased	60,000
Direct expenses	8,000
General overheads	32,000
Wages accrued on 31st March 2023	2,800
Material at site on 31st March 2023	4,000
Cost of work not certified	14,000
Direct expense accrued 31st March 2023	1,200
Cash received (80% of work certified)	6,00,000
Life of plant is 5 years and scrap value nil.	

Prepare Contract A/c and show the profit to be transferred to P & L A/c.

(B) From the following information Prepare cost sheet.

Particulars	Amount ₹	Particulars	Amount ₹
Opening stock of raw material	5,00,000	Managing Director's remuneration	2,40,000
Sales	55,00,000	Salary -Office	50,000
Carriage outward	20,000	Salary -Salesman	40,000
Carriage Inward	1,00,000	Other expenses- Office	18,000
Purchases	17,00,000	Other expenses- Factory	1,14,000
Advanced tax paid	3,00,000	Other expenses- Sales	20,000
Closing stock of raw material	8,00,000	Depreciation - office furniture	2,000
Direct wages	15,00,000	Travelling expense	22,000
Other direct charges	3,00,000	Depreciation - plant	30,000
Rent - Factory	1,00,000	Advertisement	40,000
Rent - Office	10,000	Indirect material	10,000
Indirect wages	2,00,000	Dividend received	10,000
Managing Director's remuneration is to be allotted as ₹ 80,000 to the factory, ₹ 40,000 to the office and ₹ 1,20,000 to selling department.			

(C) "A good costing system is important for efficient working of an organisation." Comment and explain its advantages and limitations.

2. From the following information calculate the bus fare to be charged from each passenger for the journeys given below. **14**

The following cost is incurred:

Particulars	Amount
Salary of driver	6,72,000 p.a.
Salary of conductor	5,28,000 p.a.
Cost of bus	33,00,000
Salary of accountant	40,000 p.m.
Insurance of a bus	96,000 p.a.
Diesel consumption 6 kms per litre	₹ 96 per litre
Lubricant oil	₹ 10 per 100 kms
Repairs and maintenance	63,000 p.m.
Depreciation of bus	20% p.a.
Road tax	30,000 p.a.

(1) Mehsana to Udaipur, 260 kms one way, running for 10 days in a month, a bus is 90% occupied.

(2) Mehsana to Mandvi, 375 kms one way, running for 12 days in a month, a bus is 85% occupied.

(3) Mehsana to Nashik 525 kms one way, running 4 days in a month, a bus is 100% occupied.

The seating capacity of the bus is 50 passengers.

Passenger tax is 30% of total takings.

Compute the bus fare to be charged to earn a profit of 30% on total takings.

The fares are to be indicated per passenger for the journey from :

(1) Mehsana to Udaipur

(2) Mehsana to Mandvi

(3) Mehsana to Nashik

OR

A product passes through two processes A and B. From the following information prepare Process A/cs, Normal loss A/c, Abnormal gain A/c, Abnormal loss A/c and Costing Profit & Loss A/c : **14**

Particulars	Process A	Process B
Material [units]	1,000	360
Cost of material per unit [₹]	125	187.5
Direct Wages [₹]	28,800	11,160
Production Overheads [₹]	7,200	2,790
Output [units]	810	780
Normal	15% of input	15% of input
Total Realisable Scrap value [₹]	8,000	18,000
Selling price per unit	225	252

$2/3^{rd}$ of process A stock is transferred to Process B and balance is sold. The entire Process B stock is sold. Management expenses incurred is ₹ 7,450 and selling expense ₹ 21,000. There is no opening and closing stock of work-in-progress.

3. (A) Discuss CVP analysis in details. **6**

(B) Information of a company is as follows: **8**

Fixed cost ₹ 1,60,000, Break Even Point ₹ 4,00,000.

Compute :

(1) P/V ratio

(2) Profit when sales is ₹ 8,00,000

(3) Sales to earn a profit of ₹ 2,40,000

(4) New BEP if selling price is reduced by 20%

OR

(A) Explain Break-even analysis. **6**

(B) A, B and C are three similar plants under the same management who wants them to be merged for better operations. The details are as under : **8**

	Plant A	Plant B	Plant C
Capacity	100%	70%	50%
Turnover	6,00,000	5,60,000	3,00,000
Variable cost	4,00,000	4,20,000	1,50,000
Fixed cost	1,40,000	1,00,000	1,24,000

Compute :

(1) P/ V ratio of merged plant

(2) Break- even point

(3) Profit at 75% capacity

(4) Sales to earn a profit of ₹ 5,60,000

4. From the following information of a factory, calculate Sales Variances : **14**

Product	Standard		Actual	
	Qty. (Units)	Price (₹)	Qty. (Units)	Price (₹)
A	5,760	10	6,400	10
B	3,200	15	3,520	14
C	3,840	12	4,480	13
	12,800		**14,400**	

OR

Write a detailed note on ZBB. **14**

5. What do you understand by the term 'Cost control'? What are its features ? Discuss in detail various methods to control the cost. **14**

OR

A manufacturer produces two products P and Q. Production of P is 1,000 units during one run, while production of Q is 100 units during 10 runs. **14**

Materials and direct wage costs are similar in both the products.

Production overheads are ₹ 1,65,000 which include the following :

₹ 82,500 set-up costs

₹ 55,000 quality control costs

₹ 27,500 material handling costs

All the three activities are similar for both the products.

	₹
Direct Material	1,25,000
Direct Wages	25,000
Overheads	1,65,000
Total Cost :	**3,15,000**

The production overheads are related to direct wages.

You are required to prepare a statement showing per unit cost and total cost under

(1) Traditional cost approach and

(2) ABC approach