Seat No. : _____

AN-108

April-2025

Int. M.B.A., Sem.-VIII

Advanced Cost and Management Accounting

Time : 2:30 Hours] **[Max. Marks : 70**

1. A contract was signed by AB for ₹ 78,00,000. At the rate of 80% of certified work ₹ 14,40,000 and ₹ 24,00,000 were received during first and second year respectively. **14**

Cost of uncertified work	2,40,000
Stock of material	60,000
Plant less depreciation	1,80,000
Work-in-progress [Reserve profit]	1,20,000
Outstanding wages	48,000
The following information is relating to second year :	
Material issued	8,40,000
Wages	5,04,000
Special plant	1,20,000
Indirect expenses	1,20,000
Other expenses [₹ 24,000 from other contracts]	96,000
Material returned to stores	12,000
Theft of special plant from the site of contract	24,000
Theft of material from site	10,800
At the end of second year :	
Work uncertified	3,00,000
Stock of material	36,000
Outstanding wages	24,000

Write off 10% depreciation on Plant on RBM.
Prepare Contract A/C and transfer reasonable profit to P & L A/C.

OR

1. The P&L a/c of M/S. Blue for Dec. 2024 is as follows : **14**

To Opening Stock [6000 units]	14,40,000	Sales [75000 units]	2,64,00,000
To Direct Material	96,00,000	Closing Stock [11000 units]	26,40,000
To Direct labour	48,00,000		
To Factory expenses	32,00,000		
To Gross Profit	1,00,00,000		1,00,00,000
	2,90,40,000		**2,90,40,000**
To Office expenses	16,00,000	By Gross Profit	1,00,00,000
To Selling expenses	18,00,000		
To Net Profit	66,00,000		
	1,00,00,000		**1,00,00,000**

Additional Information :

(1) The co. will produce 1,20,000 units and 1,00,000 units will be sold during the year.

(2) The price of materials will go up by 20%.

(3) Direct Labour rate will increase by 30%.

(4) Factory expenses will rise in proportion to the combine cost of material and wages.

(5) Administrative expenses per unit will be reduced by 20%.

(6) Selling expenses per unit will go up by ₹ 7.5.

(7) The percentage of profit on selling price is to be maintained.

Prepare a Cost sheet for the year 2024 and 2025.

2. Prepare a statement of Equivalent production, statement of cost per unit, statement of valuation and process account from the following particulars using FIFO method : **14**

(1) Opening Work-in-progress 900 units at ₹ 4,500.
Degree of completion: Material 100%, Labour 60% and Overheads 60%

(2) Input of material 9,100 units at ₹ 27,300.

(3) Direct labour ₹ 12,300.

(4) Overheads 8,200.

(5) Units scrapped 1,200 units, degree of completion Material 100%, Labour 70%, Overheads 70%.

(6) Closing Work-in-progress 1000 units. Degree of completion Material 100%, Labour 80% and Overheads 80%.

(7) Finished units transferred to next process 7,800.

(8) Normal scrap 10% of the input; scrap realised ₹ 3 per unit.

OR

2. Mr. X owns a bus which runs according to the following schedule : **14**

(1) Ahmedabad to Surat and back the same day
Distance covered : 260 kms one way
No. of days run each month 8
Seating capacity occupied 90%

(2) Ahmedabad to Rajkot and back, the same day
Distance covered : 215 kms one way
Numbers of days run each month : 10
Seating capacity 80%

(3) Ahmedabad to Banaskantha back the same day
Distance covered : 165 kms one way
Numbers of days run each month : 6
Seating capacity 100%

Other details :

Cost of bus	₹ 25,00,000
Salary of driver (permanent)	₹ 40,000 p.m.
Salary of conductor (permanent)	₹ 30,000 p.m.
Salary of part time accountant	₹ 20,000 p.m.
Insurance of bus	₹ 48,000 p.a.
Diesel Consumption 4 kms per Ltr	₹ 96 per Itr
Road tax	₹ 15,000 p.a.
Lubricant oil	₹ 500 per 100 kms
Permit fees	₹ 5,000 p.m.
Repairs and maintenance	₹ 5,500 p.m.
Depreciation of bus	10% p.a.
Seating capacity	60 persons

Passenger tax is 20% of total takings. Calculate the bus fare to be charged from each passenger to earn a profit of 30% on total takings. The fares are to be indicated per passenger for the journey :

(1) Ahmedabad to Surat,

(2) Ahmedabad to Rajkot,

(3) Ahmedabad to Banaskantha.

3. (A) Explain CVP Analysis with illustration. **7**

(B) ART Ltd. Manufactures three different products and the following information has been collected from the books of accounts : **7**

		Bottles	**Mugs**	**Cups**
Sales Mix	–	35%	35%	30%
Selling price Per unit	–	30	40	20
Variable cost Per unit	–	15	20	12
Total Fixed costs	1,80,000	–	–	–
Total Sales	6,00,000	–	–	–

The company has currently under discussion, a proposal to discontinue the manufacture of product cups and replace it with product Jars, when following results are anticipated :

		Bottles	**Mugs**	**Jars**
Sales Mix	–	50%	25%	25%
Selling price Per unit	–	30	40	30
Variable cost Per unit	–	15	20	15
Total Fixed costs	1,80,000	–	–	–
Total Sales	6,00,000	–	–	–

Will you advise the company to changeover to production of Jars ? Give reasons.

OR

3. (A) Compute : **7**

(1) P/V ratio
(2) Break - even point
(3) Margin of safety
(4) Sales to earn a profit of ₹ 6,50,000

	Year I	**Year II**
Sales	86,00,000	1,10,00,000
Total cost	81,60,000	1,02,00,000

(B) Explain Break Even Analysis. **7**

4. Answer any **two** from the following :

(A) Compute Sales Margin Variances. **7**

Product	**Quantity (units)**	**Budgeted Sales**		**Actual Sales**	
		Sales Price per unit (₹)	**Standard Cost per unit (₹)**	**Quantity (units)**	**Sales Per unit (₹)**
A	900	20	15	1200	24
B	600	15	10	900	12
	1500			**2100**	

(B) The standard material cost for 100 kg of chemicals K is made up of : **7**

Chemical A	30 kgs. @ ₹ 4 per kg.
Chemical B	40 kgs. @ ₹ 5 per kg
Chemical C	80 kgs. @ ₹ 6 per kg

In the batch 500 kg of Chemical K were produced from the mix of :

Chemical A	140 kgs. at a cost of ₹ 588
Chemical B	220 kgs. at a cost of ₹ 1056
Chemical C	440 kgs. at a cost of ₹ 2860

How do the yield, mix and price factors contribute to the variance in the actual cost per 100 kgs. of Chemical K over the standard cost ?

(C) A factory is currently running at 50% capacity and produces 5,000 units at a cost of ₹ 90 per unit as per details below : **7**

Material	₹ 50
Labour	₹ 15
Factory overheads	₹ 15(₹ 6 Fixed)
Administration overheads	₹ 10 (₹ 5 Fixed)

(1) The current selling price is ₹ 100 per unit.
(2) At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%.
(3) At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%.

Estimate the profit of the factory at 60% and 80% working and offer your comments.

5. Write a note on any **four** from the following : **14**

(1) Throughput costing
(2) Cost Control and Cost Reduction
(3) Target costing
(4) Life cycle costing
(5) Distinguish between traditional method and ABC costing method