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**THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2015**

**MC 3C 14—ADVANCED COST ACCOUNTING**

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer all questions.*

1. Define Life cycle of a product.
2. What is Kaizen costing ?
3. What is ABC method ?
4. Define Abnormal Effectives.
5. What is meant by competitive Advantage ?
6. Define the concept Cost Drivers.

(6 × 1 = 6 weightage)

**Part B**

*Answer any six questions.*

7. What are the steps involved in Bench marking process ? State the obstacles to the process.
8. What are the difficulties in implementing Balanced score card ? State the benefits of BSC.
9. State the objectives and the methodology for value chain Analysis.
10. What are the essential requirements for a successful JIT approach ? How it differs from traditional approach ?
11. What are the various accounting methods for Joint Products Costing ?
12. A company is producing only 10,000 units of X, at a cost of Rs. 75 per unit and is selling at Rs. 80 p.u. Production can be increased to 12,500 units by utilising the idle facilities, provided the additional units can be sold in the market. The company introduced target costing. The cost can be reduced by new design and a new process of manufacturing. The estimates for the next year are : Target selling price Rs. 70 p.u ; Target sales volume 12,000 units ; and target profit margin 10 % on sales. Calculate target cost per unit and target cost for the expected production. Also compare existing profit with target profit.

**Turn over**

13. During a particular month, 180 tons of product M and 120 tons of product N were manufactured jointly and the following costs were incurred :

Direct materials – Rs. 40,000 ; Wages – Rs. 10,000 ; Variable overheads – Rs. 8,000 ; Fixed overheads – Rs. 12,000 ; Selling price M at Rs. 350 per ton ; N Rs. 250 per ton. Apportion the Joint cost on the basis of weight ; and on the basis of sales value.

14. From the given data, prepare a statement of Equivalent production and a statement of cost :

Opening work-in-progress		(2,000 units)
	Rs.	
Material (100 % complete)	5,000	
Labour (60 % complete)	3,000	
Overheads (60 % complete)	1,500	
Units introduced into process I		8,000 units
Closing work-in-progress		2,000 units

Stages of completion : Materials 100 % ; Labour 50 % ; Overheads 50 %. Units transferred to process II 8,000 units. The process cost for the period : Material Rs. 95,000 ; Wages Rs. 60,000 ; Overheads Rs. 30,000. Use FIFO method.

(6 × 3 = 18 weights)

### Part C

Answer any two questions.

15. How ABC method is different from Traditional costing ? Describe the steps involved in operationalising ABC.
16. A product passes through two processes, Viz, I and II. From the given data, prepare process Accounts and find out profits included in stocks.

	Process I (Rs.)	Process II (Rs.)
Direct Material	30,000	–
Direct Labour	10,000	10,000
Production on cost is 150 % on wages		
Closing stock	5,000	10,000
Transfer to process II	60,000	–
Transfer to Finished stock	–	90,000
Sales (90 % of output) : Rs. 90,000.		

Also prepare Finished Goods Stock Account.

17. From the following data for the month of January 2014, prepare Process II Account :

	<i>Units</i>	<i>Rs.</i>
Opening stock in process II	800	6,400
Transfer from process I	25,000	1,71,130
Added in process II :		
Materials		71,130
Labour		23,860
Overheads		47,720
Units scrapped during the period	1,200	
Transfer to process III	23,600	
Closing stock	1,000	
Degree of completion :		

	<i>Opening Stock</i>	<i>Closing Stock</i>
Material	75 %	80 %
Labour	50 %	75 %
Overheads	50 %	75 %

Normal loss is 5 % of total input (Opening WIP and units put in) and the realisable value of scrap is Rs. 4 per unit.

(2 × 6 = 12 weightage)