



**Institute of Management
JK Lakshmipat University
Jaipur**

END TERM EXAMINATION 2017

Programme: B.Com (H) Sem: III
MM: 50 Marks

Sub.: Advanced Cost Accounting

Time: 3 Hours

Subject code: AC09

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. Explain the concept of uniform costing system. State the point on which uniformity is required to be maintained. (10 marks)

Q2. Alpha Ltd. produces a product that undergoes three processes before emerging as a finished product. Profit is not added in the course of processing but the goods of warehouse are sold at 25% profit on cost. In each process, 5% of the total weight put in is lost and 20% is scrap from which process A and B realize Rs.10 a tonne each and process C realizes Rs. 5 a tonne. The product of the three processes is dealt with as follows:

Particulars	Process A		Process B		Process C	
	Tonnes	Rs.	Tonnes	Rs.	Tonnes	Rs.
Materials	1000	10000	550	15000	200	2000
Wages	-	4000	-	2000	-	6000
Expenses	-	6000	-	3000	-	2000
Passed to next process	60%		80%			
Sent to warehouse	40%		20%		100%	

Prepare process and warehouse accounts.

(10 marks)

Q3. From the following data relating to two different vehicles, A and B, compute the cost per tonne-mile:

	A	B
Annual mileage run	15000	6000
Ave. tonnes per mile	6	4
	Rs.	Rs.
Cost of vehicle	25000	15000
Road license (annual)	750	750
Insurance (annual)	700	400
Garage rent	800	700
Supervision and salaries (annual)	2500	2500
Drivers' wages per hour	3	3
Cost of petrol per gallon	3	3
Miles run per gallon	20 miles	15 miles
Repairs charges (Rs./mile)	1.65	2
Tyre allocation per mile	0.40	0.60
Estimated life of the vehicle (miles)	100000	75000

You are required to charge interest on cost of vehicle at 5% p.a. The vehicle runs 20 miles per hour on an average. (10 marks)

Q4. (a) A Ltd. is committed to supply 24000 bearings p.a. to B Ltd. on a steady daily basis. It is estimated that the inventory holding cost per bearing per month is 10 paise and the set up cost per run of bearing manufacture is Rs. 324. Find out the optimum run size for bearing manufacture A Ltd. and minimum inventory cost.

(b) What do you mean by inter-firm comparison? State the prerequisites of a successful inter-firm comparison in an industry. (5+5 marks)

Q5.

The following extracts of costing information related to commodity Y for the half year ending September 30 of the current year:

Purchases of raw materials	₹1,32,000
Direct wages	1,10,000
Rent, rates, insurance and works overhead	44,000
Carriage inwards	1,584
Stock, April 1 of the current year:	
Raw materials	22,000
Finished products (1,600 units)	17,600
Stock, September 30 of the current year:	
Raw materials	24,464
Finished products (3,200 units)	35,200
Work-in-process, April 1	5,280
Work-in-process, September 30	17,600
Cost of factory supervision	8,800
Sales of finished product	3,30,000

Advertising, discounts allowed and selling costs amounted to Re. 0.75 per unit sold and 25600 units of commodity were produced during that period.

Ascertain the value of raw material used, prime cost, net profit for the period and net profit per tonne of the commodity sold. (10 marks)

Section B

Q6. (a) Given below is the Trading and Profit and Loss account of Savera Plastics Ltd. for the quarter ending June 30 :

Particulars	Dr. Amount in Rs.	Particulars	Cr. Amount in Rs.
To direct materials	900000	By sales (250000 units)	2250000
To direct wages	600000		
To factory expenses	360000		
To office expenses	120000		
To selling & distribution expenses	240000		
To net profit	30000		
	2250000		2250000

The normal output (per quarter) of the factory is 200000 units. Factory expenses (per quarter) are fixed upto Rs.180000 and office expenses (per quarter) are fixed for practical purposes. Selling & distribution expenses (per quarter) are fixed to the extent of Rs.150000 and rest are variable. Prepare a statement of cost and profit as per cost records and reconcile the profit so determined that of the financial books.

(b) "ABC system in contrast to traditional costing system, results in improved cost control. It offers some real advantages but also suffers from some major limitations." Discuss.

(10 +10 marks)