



(Pages : 4)

F – 5494

Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree Examination, February 2019**  
**Paper – IV : CO 234 : ADVANCED COST AND MANAGEMENT**  
**ACCOUNTING**  
**(2014 Admission Onwards)**  
**Elective : Finance**

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions in **two** or **three** sentences. **Each** question carries **2** marks.

1. What is contribution ?
2. Define “Limiting Factor”.
3. What do you mean by equivalent units ?
4. What is Abnormal Gain ?
5. How do you calculate RSQ ?
6. What does cost plus mark up transfer pricing ?
7. What are the components of cash flow ?
8. What is ABC analysis ?
9. What do you mean by product life cycle ?
10. What is return on capital base ?

(10×2=  marks)

P.T.O.



## SECTION – B

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

11. A company has annual fixed costs of Rs. 14,00,000. In 2017 sales amounted to Rs. 60,00,000 as compared with Rs. 45,00,000 in 2016 and profit in 2017 was Rs. 4,20,000 higher than in 2016 :
- At what level of sales does the company break-even ?
  - Determine profit or loss on a present sales volume of Rs. 80,00,000.
  - If there is reduction in selling price in 2012 by 10% and the company desires to earn the same profit as in 2017, what would be the required sales volume ?
12. A product passes through three processes A, B and C. The normal loss of each process is as follows:

	Process		
	A	B	C
Materials	2050	2688	2509
Labour	5000	8000	6500
Actual Output (in units)	9500	9100	8100

Prepare the process accounts, assuming that there were no opening or closing stocks.

13. Differentiate Standard Cost with Estimated Cost.
14. Write a short note on :
- Negotiable transfer pricing
  - Market based transfer pricing.
15. Explain the stages of developing ABC system.





16. How do you classify the quality cost ?

17. Give an account of LCC Process.

18. Give an account of flow of fund.

(5×5=25 Marks)

SECTION – C

Answer **any two** of the following questions. **Each** question carries **15** marks.

19. A company manufacturing electric motors at a price of Rs. 6,900 each, made up as under :

Direct Materials	3200
Direct labour	400
Variable overheads	1000
Fixed overheads	200
Depreciation	200
Variable selling overheads	100
Royalty on production	200
Profit	1000
	<hr/>
	6300
Central excise duty	600
	<hr/>
	6900
	<hr/>

- i) A foreign buyer has offered to buy 200 such motors at Rs. 5,000 each. As a cost accountant of the company would you advise acceptance of the offer.
- ii) What should the company quote for a motor to be purchased by a company under the same management if it should be at cost ?





20. A product passes through three processes-P, Q and R. The details of expenses incurred on the three processes during the year 2017 were as under :

	P	Q	R
Units Issued	10,000		
	Rs.	Rs.	Rs.
Cost per unit	100		
Sundry Materials	16,000	33,150	32,200
Labour	30,000	80,000	65,000
Sale Price of Output (per unit)	120	165	250

Management expenses during the year were Rs. 80,000 and selling expenses were Rs. 50,000. These are not allocable to the processes.

Actual output of the three processes was: Process P-9300 units; Process Q-5400 units; Process R-2100 units.

Two-thirds of the output of process P and one-half of the output of process Q was passed on to the next process and the balance was sold. The entire output of process R was sold.

The normal loss of the three processes, calculated on the input of every process, was process P-5%; process Q-15% and process R-20%.

The loss of process P was sold at Rs. 2 per unit, that of process Q at Rs. 5 per unit and that of process R at Rs. 10 per unit.

Prepare the three process accounts and the profit and Loss A/c.

21. A gang of workers usually consists of 10 men, 5 women and 5 boys in a factory. They are paid at standard hourly rates of Rs.1.25, Re. 0.80 and Re. 0.70 respectively. In a normal working week of 40 hours the gang is expected to produce 1000 units of output.

In a certain week, the gang consisted of 13 men, 4 women and 3 boys. Actual wages were paid at the rates of Rs.1.20, Re. 0.85 and Re. 0.65 respectively. Two hours per week were lost due to abnormal idle time and 960 units of output were produced. Calculate various labour variances.

22. How does the performance of a firm is measured ?

**(2×15=30 Marks)**

