

UCOD130

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T.Y.B.Com Semester VI (CBCS) Ordinance
EXAMINATION NOVEMBER 2023
Cost and Management Accounting - Advanced Management Accounting

[Time: 2:00 Hours]

[Max. Marks: 80]

- Instructions:** a) *Question number 1 is compulsory.*
 b) *Answer any 3 questions from question No 2 to Question No 6.*
 c) *Each question carries 20 marks.*
 d) *Mention working Note wherever necessary.*
 e) *Figures to the right indicate maximum marks allotted.*

Q1 Salgaonkar factory presents following information for the year ended 31st March 2017. (20)

Material cost	1,20,000
Labour cost	2,40,000
Fixed overheads	1,20,000
Variable overheads	60,000
Units produced	12,000
Selling price per unit	50

The available capacity is a production of 20,000 units per year. The firm has an offer for the purchase of 5,000 additional units at a price of Rs.40 per unit. It is expected that by accepting this offer there will be a saving of rupee one per unit in material cost on all units manufactured, the fixed overhead will increase by Rs.35, 000 and the overall efficiency will drop by 2% on all production.

Sate whether offer is acceptable or not.

Q2 X Manufacturing firm facing shortage of electric power supply from the state electricity board has set up its own power generation plant for efficient running of its production units in the factory. (20)

The following information has been taken from the records in connection with the generation of power for a month.

- 1) Number of units generated was 10, 00000 for the month of which 10% was utilized by the generator department.
- 2) Consumption data of materials etc. for the month:
 - a) Coal consumed 300 Mts @ Rs.3, 600 per MT
 - b) Oil consumed 4.5 Mts @ of Rs. 40,000 per MT
 - c) Cost of water extraction and treatment for 6 lakh litres@Rs.1.25 per litres
- 3) Steam boiler costs Rs.20 lakhs with a residual value of Rs.2 lakhs after a life of 10 years.

4) Salaries and Wages per month:

a) For staff of Generating plant: i) 100 skilled workers @ Rs.3, 000 p.m

ii) 150 helpers @ Rs.1, 500 p.m.

b) For staff of boiler house:

i) 60 category of A workers @ Rs. 1, 500 p.m.

ii) 100 category of B worker @ Rs.1, 000 p.m.

5. Cost of Generating plant: Rs.36 lakhs with no residual value.

Depreciation @ 10% on straight line basis is to be charged.

6) Repairs and maintenance of Generation plant and boiler Rs.50, 000 p.m.

7) Share of administrative charges Rs.40, 000 p.m.

8) Sales value of ash disposed of Rs.15, 000 p.m.

Calculate the per unit cost of electricity generated using a cost sheet format.

Q3 a) Following are the particulars given by the owner of a hotel. You, as a Cost and Management Accountant are requested to advise him that what rent should be charged from his customers per day so that he is able to earn 25% on cost other than interest: (10)

- Staff salaries Rs. 80,000 per annum.
- Room attendants' salary Rs. 2 per day. The salary is paid on daily basis and services of room attendant are needed only when the room is occupied. There is one room attendant for one room.
- Lighting, heating, and power. The normal lighting expenses for a room if it is occupied for the whole month is Rs.50. Power is used only in winter and normal charge per month if occupied for a room is Rs.20.
- Repairs to building Rs.10, 000 per annum.
- Linen etc. Rs.4, 800 per annum.
- Sundries Rs.6, 600 per annum.
- Interior decoration etc. Rs.10, 000 per annum.
- Cost of building at Rs.4, 00,000 and its depreciation rate is 5%.
- Other equipment at Rs.1, 00,000 and its depreciation rate is 10%.
- Interest @5% may be charged on its investment in the building and equipment.
- There are 100 rooms in the hotel and 80% of the rooms are usually occupied in summer and 30 rooms are busy in winter.
- You may assume that period of summer and winter is six months each. Normal days in a month may be assumed to be 30.

b) SUN Ltd. Is manufacturing three products X, Y and Z. All the products use the same raw material which is scarce and available to the extent of 61,000 kg only. The following is available from records of the company: (10)

PARTICULARS	PRODUCT X	PRODUCT Y	PRODUCT Z
Selling price per unit Rs.	100	140	90
Variable cost per unit Rs.	75	110	65
Raw material requirement per unit (kg)	5	8	6
Market demand (units)	5,000	3,000	4,000

Fixed costs are Rs.1, 50,000. Advise the company about the most profitable Product mixes. Compute the amount of profit resulting from such product mix.

- Q4 a) What is Strategic Cost Management and explain the various tools of Strategic Cost Management. (10)
- b) B Ltd is following activity Based Costing. Budgeted overheads and Cost Driver volumes are as follows:

Cost pool	Budgeted/Overheads (Rs. Lakhs)	Cost driver	Budgeted volume
Material Procurement	11.60	No of orders	2,200
Material handling	5.00	No of movements	1,360
Maintenance	19.40	Maintenance hours	16,800
Set – up	8.30	No of set ups	1,040
Quality Control	3.52	No of inspections	1,800
Machinery	14.40	No of machine hours	48,000

The company has produced a batch of 5,200 components, its material cost was Rs.2.60 lakhs, and labour cost Rs.4.90 lakhs. Usage activities of the said batch are as follows: Material orders 52, material movements 36, Maintenance hours 1,380, set ups 50, Quality control inspection 56 and machine hours 3,600.

Calculate:

- i) Cost driver rates that are used for tracing appropriate amount of overheads to the said batch. (10)
- ii) The cost of batch of component. (10)
- Q5 a) Explain the meaning and benefits of Just in Time (JIT) (10)
- b) What is Kaizen Costing and elaborate the various features of Kaizen Costing. (4 × 5 =20)
- Q6 Write short notes on ANY FOUR of the following:
- Characteristics of Modern Business Environment.
 - Features of Marginal Costing.
 - Total Quality Management (TQM)
 - Merits of Activity Based Costing (ABC)
 - Classification of Quality Cost
 - Features of Service Sector.