GOA UNIVERSITY

T.Y.B.Com. (CBCS) (Semester-VI)

Subject Name: Cost Accounting - Advanced Management Accounting

Paper Title: Advanced Management Accounting **Paper Code: UCOD130**

Duration: 2:00 Hours **Total Marks: 80**

Q1. Ram company has established the following relationship of costs with sales at 100% capacity utilization: **(20)**

Factory cost	66.67% of sales
Prime cost	75% of factory cost
Selling cost (75% is variable)	20% of sales

The factory overhead at different capacity levels are estimated as under:

Capacity utilisation	**Factory Overhead (Rs.)**
120%	2, 50,000
100%	2, 00,000
80%	1, 80,000
60%	1, 65,000

Presently the company operates at 60% capacity utilization and the sales value at this level is Rs.7, 20,000 per annum.

Required: Present statements to show the profitability of the company at 60% and 80% operating levels.

Q2 Lodging home is being run in a small hill station with 50 single rooms. The home offers concessional rates during six off-season months in a year. During this period, half of the full room rent is charged; the management's profit margin is targeted as 20% of the room rent. The following are the cost estimates and other details for the year ending on 31st march 2006 (assume month to be of 30 days). **(20)**

I) Occupancy during the season is 80% while in the off season it is 40% only.

ii) **Expenses:**

- Staff salary (excluding room attendants) Rs.2, 75,000.
- Repairs to building Rs.1, 30, 00.
- Laundry and linen Rs. 40,000
- Interior and tapestry Rs.87, 500
- Sundry expenses: Rs.95, 400

iii) Annual depreciation is to be provided for building @ 5% and on furniture and equipment's @ 15 % on straight line basis.

X8YAE4954X8YAE4954X8YAE4954X8YAE4954

iv) Room attendant are paid Rs.5 per room day on the basis of occupancy of the rooms in a month.

v)Monthly lighting charges are Rs.120 per room except in four months in winter when it is Rs.30 per room and this cost on the basis of full occupancy for a month.

vi)Total investment in the home is Rs.100 lakhs of which Rs.80 lakhs relate to building and balance for furniture and equipment's.

You are required to work out the room rent chargeable per day both during the season and the off- season month on the basis of forgoing information.

Q.3.A ABC LTD.is manufacturing three product X,Y,Z.All the products use the same raw material which is scarce and available to the extent of 61,000 kg only. The following information is available from records of the company: **(10)**

Fixed costs are Rs.1,50,000.

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

Advise the company about the most profitable product mix .
Compute the amount of profit resulting from such product mix.

Q3.B The iron and steel works which generates its own electricity for the purpose of using the same for running the factory, gives the following information: **(10)**

1) Fuel – coal consumed during the month 1,000 quintals @Rs.12 per quintal.
2) Oil 15 quintal @ Rs.1, 000 per quintal.
3) Water 2, 00,000 litres @ Re.1.00 per 1,000 litres.
4) Cost of steam boiler Rs.50, 000 which has the residual value of Rs.2,000.
5) The life of steam boiler is 10 years.
6) Salaries and wages for the boiler house:
   20men @Rs.150 per month
   40 Women @ Rs.60 per month
7) Share of administrative charges Rs.1, 050 per month.
8) Sale of ash Rs.300
9) Generating plant cost Rs.1, 50,000.depreciation @10%
10) Repair and maintenance of steam boiler and generating plant Rs.1, 000.
11) Salaries and wages for generating plant:
    a. 10 skilled workers@Rs.300 per month
    b. 15 unskilled workers @Rs.100 per month.
12) No. of units generated 2, 00,000.

X8YAE4954X8YAE4954X8YAE4954X8YAE4954

1/10 of units generated were used by generating department itself.
Calculate the per unit cost of electricity generated using a cost sheet format.

Q.4.A XYZ Limited calculates activity cost rates based on cost driver capacity. **(10)**

The company has three products X, Y and Z.

The following cost drivers were reported for the year ended March31,2021:

Activities	**Cost drivers**	**Capacity**	**Cost**
Quality inspections	Inspections numbers	12,000 Inspections	Rs.4,80,000
Power	Kilowatt hours	50,000 kwh	Rs. 2,50 ,000

Product	Kilowatt-hours	Quality Inspection
X	11,000	3,200
Y	19,000	2,400
Z	16,000	2,900

Calculate the costs allocated.

Compute the cost of unused capacity for each activity too.

Q4.B What is Strategic cost management.Distinguish between Traditional v/s Strategic cost management . **(10)**

Q5.A Explain the meaning and benefits of JUST IN TIME (JIT) system. **(10)**

B Elaborate on the following concept: **(10)**

- I) Environmental management accounting.
- II) Classification of Quality costs.

Q.6. **Write short note on <u>ANY FOUR</u> of the following:** **(4x5=20)**

a. Marginal costing for decision making

b. Meaning of Service costing.

c. Benefits of Total Quality Management (TQM)

d. Kaizen costing

e. Bench marking

f. Profit Planning

X8YAE4954X8YAE4954X8YAE4954X8YAE4954