

Total No. of Questions : 4]

SEAT No. :

PA-2885

[Total No. of Pages : 3

[5956]-208

M.Com. (Part - I)

APPLICATION OF COST ACCOUNTING (207)

(2019 Pattern) (Semester - II) (Group C)

Time : 3 Hours]

[Max. Marks : 60

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Use of calculator is allowed.

Q1) Prepare a reconciliation statement from the following data : [15]

	Rs.
Net profit as per financial books	63780
Net Profit as per Cost book	66760
Factory overhead under-recovered in costing	5700
Administrative overheads recovered in excess	4250
Depreciation charged in financial books	3660
Depreciation Recovered in costing	3950
Interest received but not included in costing	450
Income Tax provided in financial books	600
Bank Interest credited in Financial books	230
Stores adjustments (credited in financial books)	420
Depreciation of Stock Charged in Financial Books	860
Dividend appropriated in financial books	1200
Loss Due to pilferage provided only in Financial Books	260

OR

What is reconciliation of accounts? Explain the need and reasons for reconciliation of cost and financial accounts.

P.T.O.

Q2) A company produces three products, the standard cost of which is shown :
[15]

	A	B	C
Direct Material	50	40	30
Direct Labor (@Rs. 10/ hrs)	30	40	50
Production overheads	30	40	50
	110	120	130
Quantity product / Sold (Units)	10000	20000	30000

Absorbed on the basis of Direct Labor Hours.

The Company wishes to introduce ABC, and has identified major cost pools for production and their association cost drivers.

Information on this activities- cost pools and their drivers is given below:-

Activity Cost pool	Cost Drivers	Cost Associates
		Activity cost pool
Receiving & inspecting	Purchase Requisition	Rs. 1400000
Production & scheduling	No. of Batches	Rs. 1200000

Further relevant information on the 3 products are given below:

	A	B	C
No. of purchase requisition	1200	1800	2000
Number for setups	240	260	300

Form the information given, calculate the activity based production cost of products A, B and C. comment on the differences between the original standard cost and the activity based cost you calculate.

OR

What is Value chain analysis? Explain the Importance of value chain analysis in assessing competitive advantages.

Q3) Division Z is a profit center which produces four products A, B, C and D. Each product is sold in the external market also. Data for the period is :

[15]

	A	B	C	D
Market price per unit (Rs.)	150	146	140	130
Variable cost of production per unit (Rs.)	130	100	90	85
Labour hours required per unit	3	4	2	3

Product D can be transferred to Division Y, but maximum quantity that may be required for transfer is 2,500 units of D.

The maximum sales in the external market are :

A : 2,800 units

B : 2,500 units

C : 2,300 units

D : 1,600 units

Division Y can purchase the same product at a price of 125 per unit from outside instead of receiving transfer of product D from Division Z.

Required :

What should be the transfer price for each unit for 2,500 units of D, if the total labour hours available in Division Z are 20,000 hours?

OR

Define transfer pricing. Explain the Methods, advantages and disadvantages of Transfer pricing.

Q4) Short Notes (any three) :

[15]

- Benefits of value chain analysis process.
- Cost drivers.
- Benefits of product life cycle Costing.
- Objectives of Target Costing
- Inter-locking and integral Accounts.

