

**2018**  
**COMMERCE**  
**MCO: 305 (A)**  
**ADVANCE COST AND MANAGEMENT ACCOUNTING**  
**Full Marks: 80**  
**Time: 3 hours**

*The figures in the margin indicate full marks for the questions:*

**1. Answer the following questions :**

**1X12=12**

I. Prime cost includes

- a) Direct material + Direct labour + Work expenses
- b) Direct material + Direct labour + Chargeable expenses
- c) Direct material + Direct labour + Office overhead
- d) None of the above

II. If fix cost is 40,000 and profit is 500 what will be the contribution

- a) 39,500
- b) 9,000
- c) 45,000
- d) None of the above

III. Marginal cost

- a) Remain same at different level of production
- b) Changes with the change in the level of production
- c) Decreases with the increase in the level of production
- d) All of the above

IV. A firm is producing a component part at Rs 10 each which is available in the market at Rs.9 each

- a) The firm should purchase the component even if there is no steady supply
- b) The firm should produce the component itself if there is no steady supply
- c) The firm should produce the component even if there is steady supply
- d) None of the above

V. Break event point is a point at which

- a) There is no profit and no loss
- b) Total revenue is not equal to total cost
- c) A point of excessive profit
- d) None of the above

VI. Sunk cost is

- a) The irrecoverable cost and result from past transaction
- b) The cost of next best alternative course of action
- c) The total of the variable cost only
- d) All of the above

VII. The main objective of cash budget is to provide information about

- a) The forecasted the quantity and value of sale revenue during the budget period
- b) To estimate the anticipated the receipt and payment of cash during a budget period
- c) To estimate the anticipated the only the future cash expenses during a budget period
- d) None of the above

VIII. Standard costing is the preparation of standard costs and their comparison with \_\_\_\_\_ and the analysis of \_\_\_\_\_.

- a) Marginal costs, Variances
- b) Actual costs, Variances
- c) Variances, Marginal costs
- d) Variances, Actual costs

IX. Cost estimates are made on the basis of

- a) Past experience Intention
- b) Future anticipation
- c) Intention
- d) Both (a) & (b)

X. The responsibility accounting stresses on \_\_\_\_\_

- a) Decentralization
- b) Centralization
- c) Both (a) & (b)
- d) None of these

XI. The responsibility accounting is the part of

- a) Financial accounting
- c) Management accounting

- b) Mechanized accounting
- d) None of these

XII. A price on goods and services sold by one member of a corporate family to another, such as from a parent to its subsidiary, is known as

- a) Transfer price
- b) Export price
- c) Import price
- d) Market price

2. Answer the following questions :

5X4=20

- a) What is a Zero based budget and what are its advantages?
- b) Write a short note on management information system.
- c) State the advantages of cost Audit.
- d) What do you mean by cost center and how it is differ from profit center?

3. Answer any four of the following questions :

12X4=48

- a) Explain the concept of relevant and irrelevant cost for decision making? Differentiate between relevant and irrelevant cost. 8+4=12
- b) State the advantages of cost accounting? How cost accounting is different from the management accounting? 6+6=12
- c) What do you mean by cost reduction? What are the essential criteria for the success of a cost reduction program? Explain the difference between cost reduction and cost control. 2+5+5=12
- d) What do you mean by Management Control System? Explain the importance of control system in an organization. Explain the factors that are responsible for the effective implementation of Management control system. 3+4+5=12
- e) Following are the cost information of ABC Ltd. of product X and product Y. 12

	Product X	Product Y
Fixed cost is Rs 800		
Material cost (per unit)	20	18
Labour cost (per unit)	8	7
Selling price per unit	40	35

Variable overhead is 100% of the labour cost

Present the following informations

- The marginal product cost and contribution per unit
- Total contribution and profit resulting from the following sales mixture
- Sales mixes to earn profit of Rs 250 and Rs 300 with the total sale of X and Y be 300 unit

Sales mixtures

- I. 100 unit of product X and 200 unit of product Y
- II. 150 unit of product X and 150 unit of product Y
- III. 200 unit of product X and 100 unit of product Y

- f. i) State the advantages of budgetary control system. 4+8=12  
ii) Following are the information related to utilization of 50% (5000 unit) capacity of Narzary enterprise.

	Per Unit (Rs)
Material	5
Labour	2
Direct expenses	1
Fixed expenses	Rs. 58,000
Semi-fixed expenses	Rs. 50,000

- Fixed expenses remain constant for all level of production
- Selling price between 60% and 75% capacity is Rs 25 per unit. And reduces to 5% and 8% at 90% and 100% capacity.
- At 90% capacity material cost increases by 5%. At 100% capacity both material and labour cost increases by 10%
- Semi-variable expenses remain unchanged at 60% capacity, but will increase by 10% at 75% capacity and 30% at 90% to 100% capacity.

You are required to prepare a flexible budget for 60%, 75%, 90% and 100% capacity.

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