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PG/IVS/COM-405(AF/M)/13

M.Com. 4th Semester Examination, 2013

**ADVANCED COST ACCOUNTING/
RETAIL MARKETING**

PAPER – COM- 405(AF/M)

Full Marks : 50

Time : 2 hours

Answer all questions

*The figures in the right hand margin indicate marks
Candidates are required to give their answers in their
own words as far as practicable*

**Write the answers to questions of each Unit
in separate books**

405 (AF)

Optional Group I : (*Accounting and Finance*)

UNIT – I

1. Answer any *two* of the following : 5 × 2

(*Turn Over*)

(2)

(a) The following balances were extracted from a company's ledger as on 31.03.2012 :

	Dr.	Cr.
	₹	₹
	<u> </u>	<u> </u>
Store Ledger Control A/c	48,836	
Work-in-Progress Control A/c	14,745	
Finished Stock Control A/c	21,980	
Cost Ledger Control A/c		85,561
	<u>85,561</u>	<u>85,561</u>

Further transactions took place during the following quarter as follows :

	<u>₹</u>
Factory overhead allocated to WIP	11,786
Goods finished at cost	36,834
Raw materials purchased	22,422
Direct wages allocated to WIP	18,370

(3)

	₹
Raw material issued to production	17,000
Raw material return to supplier	1,000
Raw material losses	1,300
W-I-P rejected	1,800

Prepare store Ledger Control A/c and Work-in-Progress Control A/c under Non-Integrated system of Cost Book keeping. 5

(b) Bright chemicals Ltd. electrolyses Common Salt to obtain three joint products-Caustic Soda, Chlorine and Hydrogen. During a costing period, the expenditure relating to the inputs for the common process amounted to ₹3,50,000. After separation, expenses amounting to ₹1,60,000, ₹ 75,000 and ₹ 10,000 were incurred for caustic soda, chlorine and hydrogen respectively. The selling expenses were estimated at 5 % of realisation from sale the management expected profit @ 15% , 10 % and 5 %

(4)

of realisations from sale. The management expected profits @ 15 % , 10 % and 5 % of realisations from sale of caustic soda chlorine and hydrogen respectively. Draw a columnar statement showing the apportionment of joint cost. 5

(c) Write the major causes of differences in cost profit and Financial Profit under Non-integrated system of book keeping. 5

(d) (i) Write the significance of Marginal Cost equation.

(ii) Taking hypothetical example draw a break even chart in detail. 2 + 3

2. Answer any *one* of the following : 10 × 1

(a) Radhakanta Sweets Ltd. has divided its manufacture into two processes, *A* and *B*. After leaving process *B*, the product is passed into finished stock. The output of process *A* is transferred to process *B* at a

(5)

price which gives *A* a profit of 25 % on transfer price, and the output of process *B* is transferred to finished goods at a price which gives process *B* a profit of 20 % on transfer price.

The following information is provided in respect of the year ended 31.3.2013 :

	Process <i>A</i>	Process <i>B</i>
	(₹)	(₹)
Stock on 1.4.2012	3,200	2,000
Materials used	6,400	2,700
Direct Labour	12,500	8,500
Overheads	2,500	1,700
Stock on 31.3.2013	2,100	900

Process-Stocks consist of products which have passed through the process completely and are valued at prime cost to the process concerned.

The unrealised profit on opening stock in process *B* was ₹350.

Prepare the Process Accounts.

10

(6)

(b) A company manufactures two products, A and B using imported raw materials. The selling prices of these products are : A ₹ 144, B ₹ 216. The standard cost data are as under :

	<u>Product A</u>	<u>Product B</u>
Materials	(₹)	(₹)
P	15	20
Q	5	20
Wages @ ₹ 4 per hour		
Department		
1	24	36
2	12	24
3	36	—
4	—	48
Variable overhead	16	14
Fixed Overhead per annum		₹ 2,50,000

The company operates an 8-hour shift for

(7)

300 days in a year and the number of workers engaged in each department is given below :

Department	No. of workers
1	45
2	24
3	27
4	36

Required :

How many units of each product should be manufactured and what is the resultant maximum profit if the number of employees can not be retrenched or transferred from one department to another ? 10

UNIT – II

3. Answer any *two* of the following questions : 5×2

(a) Define 'Budget' and 'Budgetary Control'.
From the definitions, identify the major steps in Budgetary Control.

- (b) Explain the concept of Activity Based Costing.
- (c) What is Zero Base Budgeting ? What are the basic steps involved in it ?
- (d) The budgeted and the actual sales for a period in respect of three products are given below :

Products	Budget			Actual		
	Quantity (Kg.)	Rate (Rs./Kg.)	Value (Rs.)	Quantity (Kg.)	Rate (Rs./Kg.)	Value (Rs.)
A	1,000	5	5,000	1,200	6	7,200
B	750	10	7,500	750	9	6,750
C	500	15	7,500	550	14	7,700
Total	2,250		20,000	2,500		21,650

Compute Sales variances.

4. Answer any *one* of the following questions : 10 × 1

(a) The following information is available

from the cost records of a company for
March 2013 :

	Rs.
Materials purchased : 20,000 pieces	88,000
Materials consumed: 19,000 pieces	
Actual wages paid for 4,950 hours	24,750
Overheads incurred	44,000
Overheads budgeted	40,000
Actual Production : 1,800 units	

Standard rates and prices are :

Direct materials	Rs. 4 per piece
Standard input	10 pieces per unit
Direct labour rate	Rs. 4 per hour
Standard labour requirement	2.5 hours per unit
Overhead	Rs. 8 per labour hour

Compute all possible material, labour, and
overhead variances. 2 + 2 + 6

(b) M/s Janadaradi Supplier produces and markets a very popular product called 'Panacea'. It is a composition of Vitamin B and Vitamin C. The company is interested in presenting its budget for the first quarter of 2011. The following information is available for this purpose :

- (i) It expects to sell 45,000 bottles of Panacea during the first quarter of 2011.
- (ii) Each bottle of Panacea requires 3 kgs. of a raw material from which Vitamin B is available and 7 kgs. of another raw material for the required Vitamin C.
- (iii) Stock levels are planned as follows :

Items	Opening	Closing
Bottles filled with Panacea(Nos.)	12,000	15,000
Raw materials :		
For Vitamin B (kgs,)	32,000	25,000
For Vitamin C (kgs,)	47,000	57,000
Empty bottles (Nos.)	30,000	28,000

- (iv) Vitamin B-raw material costs Rs. 1.50 per kg, Vitamin C-raw material costs only Re 0.50 per kg, and empty bottle costs Rs. 1.20 each.
- (v) It requires 10 minutes of direct labour time to produce and fill one empty bottle of Panacea. Labour cost is Rs. 80 for a 8-hour day working.
- (vi) Variable manufacturing costs are :
Re. 0.80 per bottle. You are required to :
- (x) Prepare a Production Budget for the said quarter ;
- (y) Prepare a Raw Material Purchase Budget for Vitamin-B and Vitamin-C-raw materials and also for the empty bottles (in quantities and as well as in rupees);
- (z) Compute the budgeted variable cost to produce one bottle of Panacea.
- 2 + 2 + 6

[*Internal Assessment* : 10 Marks]

(12)

405 (M)

RETAIL MARKETING

Optional Group II : (*Marketing*)

UNIT – I

1. Answer any *two* questions : 5 × 2

(a) Discuss, in brief, the importance of retailing in the context of Indian economy.

(b) Describe the stages of consumer decision making and its impact on retail strategies.

(c) Mention the 'push and pull' factors of international retailing.

(d) Write a note on market segmentation in retailing.

2. Answer any *one* question : 10 × 1

(a) Explain the various modern retail formats available giving suitable examples.

- (b) "It is essential for every retailer to have a sound knowledge of consumer behaviour in pursuit of designing effective retail strategies." Discuss with suitable illustrations.

UNIT – II

3. Answer any *two* questions : 5 × 2

(a) What are the major objectives of merchandising ?

(b) Discuss, in brief, any four methods of promotion-mix in retail business.

(c) State the various pricing objectives considered by a retailer.

(d) Explain, in brief, the key objectives of retail space management.

4. Answer any *one* question : 10 × 1

(a) Discuss any four pricing strategies used in retailing. $2\frac{1}{2} \times 4$

(14)

(b) Write short notes on :

5 × 2

(i) Range Plan ;

(ii) Assortment Planning.

[*Internal Assessment* : 10 Marks]
