

Advanced Cost Accounting

2009 October

Commerce Accountancy MCom

Part 1

University of Mumbai

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3. In a factory the standard mix consists of 60 kgs of X and 40 kgs of Y. The standard loss of production is 30%. The standard price of X is Rs. 5 per kg. and of Y Rs. 10 per kg.

The actual mixture and yield were as follows :

X :— 80 kgs at Rs. 4.50 per kg. Y :— 70 kgs at Rs. 8 per kg. Actual yield :— 115 kgs.

Calculate :

- Material Cost Variance
  - Material Price Variance
  - Material revised usage variance
  - Material Mix Variance, and
  - Material Yield Variance.
4. Ashok Ltd is engaged in process industry. During the month of August 2008, 2000 units were introduced in process 'X'. The normal loss was estimated at 5% of input. At the end of the month 1,400 units had been produced and transferred to process 'Y', 460 units were incomplete and 140 units, after passing through fully the entire process, had to be scrapped. The incomplete units had reached the following stage of completion :

Material	75% Completed
Labour	50% Completed
Overhead	50% Completed

Following is the further information on the process 'X' :—

Cost of 2000 units	Rs. 58,000
Additional Direct Materials	Rs. 14,400
Direct Labour	Rs. 33,400
Other Overheads	Rs. 16,700
Units Scrapped Realised	Rs. 10 each

Prepare statement of equivalent production, computation of cost per equivalent unit for each cost element, statement of cost apportionment and process 'X' account

5. The Jaydeep Co. Ltd., has completed most of the functional budgets and it is now time to prepare the cash budget. An analysis of the various budgets concerned reveals the requirements.

#### Requirements for Cash Budgets

Month	Sales (Credit)	Materials	Wages	Production Exp.	Admin Exp.	Selling Exp.	Distribution Exp.	Research and Develop- ment Exp.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Oct. 08	80,000	40,000	10,000	8,400	3,400	5,000	3,000	1,000
Nov. 08	60,000	30,000	9,000	8,000	3,300	4,500	2,500	1,000
Dec. 08	40,000	20,000	8,000	7,500	3,500	4,000	2,000	1,000
Jan. 09	50,000	40,000	9,000	8,000	3,700	4,400	2,400	1,200
Feb. 09	60,000	50,000	10,000	8,500	3,900	4,800	2,600	1,200
March 09	80,000	60,000	11,000	9,000	3,600	5,200	2,900	1,200
April 09	70,000	50,000	9,000	8,000	3,500	5,000	2,600	1,500
May 09	60,000	30,000	8,000	7,500	3,700	4,800	2,500	1,500
June 09	50,000	40,000	9,000	8,000	3,900	4,500	2,400	1,500

Period of Credit allowed by creditors—2 months

Period of Credit allowed to debtors—3 months

Lag in Payment of overheads—1 month

Lag in Payment of wages 1/8 month

The cash balance on 1st January, 2009 is expected to be Rs. 1,00,000.