

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2018
(Second Semester)

Branch – COST AND MANAGEMENT ACCOUNTING

FUNDAMENTALS OF COST AND MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 2 = 20)

- 1 Define the terms costing.
- 2 What is a cost sheet?
- 3 Write a short note on 'Wastage'.
- 4 What is labour turnover?
- 5 Define overhead.
- 6 What do you mean by machine hour rate?
- 7 Give the meaning of the term management accounting.
- 8 Name the tools of financial statement analysis.
- 9 What is working capital?
- 10 State any two uses of cash flow statement.

SECTION - B (25 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 5 = 25)

- 11 a Distinguish between financial accounting and cost accounting.
OR
b The profit as per cost account was Rs.28000. From the following figures, prepare a reconciliation statement and arrive the profit as per financial accounts
 - (i) The following items were included in the financial books.
Director's fees (Dr.) – Rs.650
Bank interest (Cr.) – Rs. 120
Income tax(Dr.) – Rs. 8,300
 - (ii) Bad and doubtful debts for Rs. 570 were written off in financial books.
 - (iii) Overheads in cost accounts absorbed were Rs.8500 while the actuals were Rs.8300.
 - (iv) Works was started during the year on a new factory and expenditure of Rs. 16,000 was incurred. Depreciation of 5% was proxided in financial accounts.
- 12 a From the following particulars supplied by the personnel department of a company. Calculate labour turnover by applying
 - (i) Separation method (ii) Replacement method and (iii) Flux method

Total number of employee at the beginning	: 2010
Total number of employee at the end	: 1990
Number of employees resigned	: 30
Number of employees discharged	: 50
Number of employees replaced	: 40

OR

 - b Find out the economic order Quantity and the number of orders per year and the number of orders per year from the following information.
Monthly consumption - 3000 units
Cost per unit – Rs.54
Ordering cost Rs.150per order
Inventory carrying cost 20% of the average inventory.

- 13 a Indicate the basis you would adopt for apportionment of the following items of overheads to different departments.
- (i) Factory rent
 - (ii) Power
 - (iii) Welfare expenses
 - (iv) Indirect material
 - (v) Indirect wages
 - (vi) Supervision
 - (vii) Repairs to plant
 - (viii) Sundry expenses
 - (ix) Insurance of building
 - (x) Store expenses.

OR

- b Work out the machine hour rate for the following machine whose scrap value is 'nil'.
- (i) Cost of machine Rs. 3,60,000
 - (ii) Installation charges Rs. 40,000
 - (iii) Working life 20 years
 - (iv) Working hours : 8000 per year
 - (v) Repair charge : 50% of depreciation
 - (vi) Power : 10 units per hour @ Rs.10 paise per unit
 - (vii) Lubricating oil @ Rs. 2 per day of 8 hours
 - (viii) Consumable stores @ Rs.10 per day of 8 hours
 - (ix) Wages of operator @Rs. 4 per day

- 14 a From the following balance sheet calculate (i) Current ratio (ii) Liquid ratio (iii) Debt-equity ratio (iv) Proprietary ratio.

Balance sheet

Share capital	5,00,000	Fixed assets	14,00,000
Reserves	3,00,000	Stock	5,00,000
6% Debentures	11,00,000	Debtors	2,00,000
Bank overdraft	1,00,000	Cash	1,00,000
Creditors	2,00,000		
	22,00,000		22,00,000

OR

- b Discuss the scope of management accounting.
- 15 a From the following details, ascertain net profit before tax and extraordinary items for the year 2003.

	2002(Rs.)	2003(Rs.)
General reserve	2,00,000	3,50,000
Profit & loss A/c	1,50,000	2,40,000
Proposed dividend	2,10,000	2,50,000
Provision for taxation	2,00,000	2,50,000

An interim dividend of Rs. 1,00,000 was paid during 2003. Income tax paid in 2003 was Rs 1,75,000. A compensation of Rs. 1,30,000 was received from government on account of riots.

OR

- 15 b Calculate funds from operations from the following profit and loss a/c.

Profit and Loss Account

To Expenses paid	3,00,000	By Gross profit	4,50,000
To Depreciation	70,000	By Gain on sale of land	60,000
To Loss on sale of machine	4000		
To Discount	200		
To Goodwill	20,000		
To Net profit	1,15,800		
	<u>5,10,000</u>		<u>5,10,000</u>

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 The following data relate to the manufacture of a product during the month of April.

Raw material consumed Rs.80,000

Direct wages Rs.48,000

Machine hours worked 8000

Machine hours rate. Rs 4

Office overhead 10% on work cost

Selling overhead Rs.1.50 per unit

Units produced 4000

Units sold 3600 @ Rs.50each

Prepare a cost sheet and show:

(a) Cost per unit and

(b) Profit for the period

- 17 Two components A and B are used as follows:

Normal usage 50 units each per week;

Minimum usage 25 units each per week;

Maximum usage 75 units each per week;

Reorder quantity A = 300 units B = 500 units;

B : 2 to 4 weeks. Calculate for each component (a) Re-order level (b) Minimum level (c) Maximum level and (d) Average stock level.

- 18 You are supplied with the following information. Calculate overhead hourly rate in respect of production departments A,B and C.

The primary overheads are:

Production depts:

A – Rs. 7810

B – Rs. 12543

C – Rs. 4,547

Service depts:

X – Rs. 4000

Y – Rs. 2600

Expenses of service departments X and Y are apportioned as under:

	A	B	C	X	Y
X	30%	40%	20%	-	10%

- 19 Discuss the various steps required for installing management accounting systems.
- 20 From the following balance sheet of Ganesh Company Ltd; prepare a fund flow statement for the year 2015.

Balance Sheets

Liabilities	2014	2015	Assets	2014	2015
Share capital	2,00,000	2,50,000	Goodwill	70,000	50,000
Debentures	50,000	1,50,000	Machinery	3,10,000	4,40,000
General Reserve	70,000	1,20,000	Investments	30,000	80,000
P & L A/C	50,000	60,000	Discounts on issue of Debentures	5,000	-
Depreciation	90,000	1,30,000	Bank	20,000	30,000
Creditors	75,000	1,10,000	Debtors	70,000	1,80,000
Bank Overdraft	10,000	15,000	Stock	40,000	55,000
	5,45,000	8,35,000		5,45,000	8,35,000

During the year investment costing Rs.30,000 were sold for Rs.27,000. A new machine was bought for Rs. 40,000 and the payment was made in fully paid shares.

Z-Z-Z

END