

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**MCom DEGREE EXAMINATION DECEMBER 2018**

(Second Semester y

Branch - **COMMERCE**

**ADVANCED COST & MANAGEMENT ACCOUNTING**

Time : Three Hours

Maximum : 75 Marks

**SECTION -A (30 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** Marks ( 5 x 6 = 30)

1 a Explain the scope of Cost Accounting.

OR

b Define Management Accounting. What are the utilities of Management Accounting?

2 a .From the following data, prepare a statement showing the cost per man da> of eight hours :

- i) Basic salary and Dearness Allowance Rs. 300 per month.
- ii) Leave salary to the workman 6% of the basic and DA.
- iii) Employer's contribution to provident fund 6% of (i) plus (ii).
- iv) Employee's contribution to PF 6% of (i) and (ii).
- v) Pro-rata expenditure on amenities to labour Rs. 25 per head per month.
- vi) Number of working hours in a month 200.

OR

b Calculate machine hour rate from the following :

- i) Cost of machine Rs. 19,200.
- ii) Estimated scrap value Rs. 1,200.
- iii) Average repairs and maintenance charges per month Rs. 150
- iv) Standing charges allocated to machine per month Rs. 50.
- v) Effective working life of machine 10,000 hours.
- vi) Running time per month 166 hours.
- vii) Power used by machine : 5 units per hour @19 paise per unit.

3 a The following is the information relating to Contract No. 123 :

	Rs.
Contract price	6,00,000
Wages	1,64,000
General expenses	8,600
Raw materials	1,20,000
Plant	20,000

As on date, cash received was Rs. 2,40,000 being 80% of work certified. The value of materials remaining at site was Rs. 10,000. Depreciate plant by 10%. Prepare Contract Account showing profit to be credited to P & L A/c.

OR

b Calculate the cost per km of the vehicle for a transport company for the year 2011 from the data given below :

	Rs.
Cost of the vehicle	2,80,000
Driver's salary per month	4,000
Cleaner's salary per month	3,000
Road license per year	3,600
Insurance for one year	2,100
Garage rent per month	1,200
--- npr km	0.80

a From the data given below, calculate :

(i) Material cost variance (ii) Material price variance				
Products	Std qty (units)	Std price (Rs.)	Actual Qty (units)	Actual price (Rs.)
A	1,050	2,00	1,100	2.25
B	1,500	3.25	1,400	3.50
C	2,100	3.50	2,000	3.75
OR				
From the following balances you are required			to calculate cash from operations	
December 31				
			2007 (Rs.)	2008 (Rs.)
Debtors			50,000	47,000
Bills receivable			10,000	12,500
Creditors			20,000	25,000
Outstanding expenses			8,000	6,000
Prepaid expenses			1,000	1,200
Accrued income			800	700
Income received in advance			600	750
Profit made during the year			—	1,30,000

a The sale of a company for 2 different periods are 4,000 units and 7,000 units, and the profit are Rs. 80,000 and Rs. 1,70,000. Calculate (i) Fixed cost (ii) Break-even point (iii) number of units to be sold to earn a profit of Rs. 2,00,000. Assume selling price of Rs. 100 per unit.

OR

b You are required to prepare a sales overhead budget from the estimated given below :

	Rs.
Advertisement	2,500
Salaries of the sales Department	5,-000
Expenses of sales Department	1,500
Counter Salesman's salaries and Dearness Allowance	6,000

Commission to counter salesmen at 1% on their sales.

' Travelling salesman's commission at 10% on their sales and expenses at 5% on their sales. The sales during the period were estimated as follows :

Counter sales (Rs.)	Travelling salesmen's (Rs.)
80,000	10,000
1.20,000	15,000
1,40,000	20,000

### SECTION -B (45 Marks)

Answer any **THREE** questions

**ALL** questions carry **EQUAL** Marks ( 3 x 15 = 45)

Define Cost. Describe the classification of cost.

Calculate the earnings of workers X and Y under (i) Straight price rate system and (ii) Taylor's differential piece rate system from the following details :

Standard time per unit = 12 minutes

Standard rate per hour = Rs. 60

Differentials to be used 80% and 120 %.

In a particular day of 8 hours, worker 'X' produced 30 units and worker

The product of a manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from processes A and B realizes Rs. 80 per ton and Rs. 200 per ton respectively.

	Process A	Process B
Materials in tons	1,000	70
Cost of materials per ton in rupees	125	200
Wages (Rs.)	28,000	10,000
Manufacturing expenses (Rs.)	8,000	5,250
Output (Tons)	830	780

Prepare Process Cost Accounts showing cost per ton of each process.

There was no stock or work-in-progress in any process.

9 From the following balance sheets of S. M Industries, prepare funds flow statement showing your workings clearly.

	2007 (Rs.)	2008 (Rs.)		2007 (Rs.)	2008 (Rs.)
Share capital	60,000	65,000	Goodwill	30,000	25,000
Profit & Loss A/c	34,000	26,000	Plant & Machinery	60,000	50,000
Current Liabilities	12,000	3,000	Current assets	16,000	19,000
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	1,06,000	94,000		1,06,000	94,000

**Additional Information :**

- i) Depreciation of Rs. 20,000 on plant and machinery was. charges to Profit & Loss Account.
- ii) Dividends of Rs. 12,000 were paid during the year.

10 From the following forecasts of income and expenditure, prepare a cash budget for the months Jan to April 2008 :

	Months	Sales (Credit) Rs.	Purchases (Credit) Rs.)	Wages (Rs.)	Manufacturing expenses (Rs.)	Admn Exp (Rs.)	Selling exp (Rs.)
2007	Nov	30,000	15,000	3,000	1,150	1,060	500
	Dec	35,000	20,000	3,200	1,225	1,040	550
2008	Jan	25,000	15,000	2,500	990	1,100	600
	Feb	30,000	20,000	3,000	1,050	1,150	620
	Mar	35,000	22,500	2,400	1,100	1,220	570
	April	40,000	25,000	2,600	1,200	1,180	710

**Additional Information is as follows :**

- i) The customer are allowed a credit period of 2 months.
- ii) A dividend of Rs. 10,000 is payable in April.
- iii) Capital expenditure to be incurred : Plant purchased on 15<sup>th</sup> of Jan for Rs. 5,000; a building has been purchased on 1<sup>st</sup> March and the payments are to be made in monthly instalments of Rs. 2,000 each.
- iv) The creditors are allowing a credit of 2 months.
- v) Wages are paid on the 1<sup>st</sup> of the next month.
- vi) Lag in payment of other expenses is one month.
- vii) Balance of cash in hand on 1<sup>st</sup> Jan 2008 is Rs. 15,000.