

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION MAY 2023
(Third Semester)

Branch – BANKING, STOCK AND INSURANCE

COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 The aggregate of all direct expenses is known as _____ Cost.
(i) Prime (ii) Works
(iii) Total (iv) Selling
- 2 Which method of pricing material issues is suitable in times of falling prices?
(i) FIFO (ii) LIFO
(iii) Simple Average (iv) Weighted Average
- 3 The process of reapportionment of services costs to production department is known as _____
(i) Primary Distribution (ii) Secondary Distribution
(iii) Allocation (iv) Absorption
- 4 The primary task of management accounting is to redesign the entire accounting system, so as to serve the _____ needs of the firm.
(i) Marketing (ii) Operational
(iii) Human Resource (iv) Production
- 5 Funds flow statement holds significance for _____
(i) Shareholders (ii) Financiers
(iii) Government (iv) All of the Above

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Bring out the limitations of cost accounting.
OR
b In a company a standard product is manufactured. From the following particulars, prepare a cost sheet.

	Rs.
Materials Purchased	2,00,000
Wages	1,00,000
Direct Expenses	20,000
Opening Stock of Materials	40,000
Closing Stock of Materials	60,000

Factory overhead is absorbed at 20% on wages. Administration overhead is 25% on the works cost. Selling and Distribution Overhead are 20% on the cost of production. Profit is 20% on sales.

- 7 a In a company, weekly minimum and maximum consumption of material A are 25 and 75 Units respectively. The reorder quantity as fixed by the company is 300 units. The raw material is received within 4 to 6 weeks from issues of supply order. Calculate Minimum Level and Maximum Level of Materials.

OR

- b Time Allowed 48 Hours
Time Taken 40 Hours
Rate Per Hour Re. 1
Calculate the labour cost under Halsey Plan.

Cont...

- 8 a Classify overheads based on function.

OR

- b GA & Co has Five Departments. A, B, C, D are Production Departments and E is Service Department. The overhead costs for a period are as follows:

Overheads	Rs.
Repairs	4,000
Rent	5,000
Depreciation	2,400
Supervision	4,000
Insurance	1,000
Employer's Liability of Employee's Insurance	600
Lighting	900

The following data are also available in respect of the five departments:

Particulars	Departments				
	A	B	C	D	E
Area (Sq. Ft.)	150	120	100	80	50
Number of Workers	30	25	20	20	10
Total Wages (Rs.)	20,000	18,000	12,000	10,000	5,000
Value of Plant (Rs.)	25,000	20,000	15,000	10,000	6,000
Value of Stock (Rs.)	18,000	15,000	10,000	8,000	-

Apportion the costs to the various departments on the most equitable basis.

- 9 a Outline the scope of management accounting.

OR

- b Identity the nature of management accounting.

- 10 a How
- Fund Flow Statement*
- differ from
- Cash Flow Statement*
- ?

OR

- b From the following information, calculate cash from operation during the year 2021:

Particulars	2020	2021
	Rs.	Rs.
Debtors	50,000	47,000
Bills Receivables	10,000	12,500
Creditors	20,000	25,000
Bills Payables	8,000	6,000
Outstanding Expenses	1,000	1,200
Prepaid Expenses	800	700
Accrued Income	600	750
Income Received in Advance	300	250

Profit during the year 2021 Rs. 1,30,000.

SECTION -C (30 Marks)

Answer ALL questions

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

- 11 a Discuss the scope of cost accounting.

OR

- b The following information has been obtained from the records of GVA & Co. Ltd. for the period from January 1 to June 30, 2022:

	January 1	June 30
	Rs.	Rs.
Raw Materials	30,000	25,000
Work-in-progress	12,000	15,000
Finished Goods	60,000	55,000
Transaction during six months are:		
Purchase of Raw Materials	Rs. 4,50,000	
Wages Paid	Rs. 2,30,000	
Factory Overheads	Rs. 92,000	
Administration Overheads	Rs. 30,000	
Selling and Distribution Overheads	Rs. 20,000	
Sales	Rs. 9,00,000	

You are asked to prepare a Cost Sheet.

Cont...

- 12 a The following transactions took place in respect of an item of material:

Date	Receipts	Issues
2022		
January		
1	400 Units @ Rs. 10	
5	200 Units @ Rs. 12	
10	500 Units @ Rs. 11	
12		300 Units
15		200 Units
20	300 Units @ Rs. 14	
22		400 Units
25	250 Units @ Rs. 15	
26	200 Units @ Rs. 16	
29		300 Units
31		200 Units

Record the above in the stores ledger, pricing the issue at Simple Average Rate.

OR

- b Calculate the earnings of workers X and Y under *Straight Piece-rate System* and *Taylor's Differential Piece-rate System* from the following particulars:

Standard Production	:	20 Units Per Hour
Normal Time Rate	:	Rs. 10 Per Hour
Differentials to be Applied	:	80 % of piece-rate below standard 120 % of piece-rate at or above standard
Actual Performance	:	X Produced 160 Units in a day of 10 hours Y Produced 220 Units in a day of 10 hours

- 13 a You are supplied with the following information. Calculate overhead under repeated distribution method in respect of production departments A, B and C.

The primary overheads are:

Production Depts:	Rs.	Service Depts.:	Rs.
A	6300	X	4,500
B	7400	Y	2,000
C	2800		

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

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

OR

- b The following annual charges are incurred in respect of a machine in a shop where manual labour is almost nil and where work is done by means of five machines of exactly similar type of specification:

	Rs.
Rent and Rates (Proportional to the floor space occupied) for the shop	4,800
Depreciation of each machine	500
Repairs and Maintenance for the five machines	1,000
Power consumed (as per meter) @ 5 p. per unit for the shop	3,000
Electric charges for light in the shop	540
<i>Attendants:</i> There are two attendants for the five machines and they are each paid Rs, 60 per month	
<i>Supervision:</i> For the five machines in the shop there is one supervisor whose emoluments are Rs. 250 p.m.	
Sundry supplies such as lubricants, jute and cotton waste etc for the shop	450
Hire-purchase instalment payable for the machine (including Rs. 300 as interest)	1,200

The machine uses 10 units of power per hour. Calculate the machine hour rate for the machine for the year.

Cont...

- 14 a "Management accounting is a virtual tool to help the managers of an organization steer it towards their goals" - Examine

OR

- b Compare Management Accounting with Cost Accounting.

- 15 a From the following balance sheets of a company Prepare the schedule of changes in working capital and fund flow statement:

Balance Sheet (Rs. In '000)					
Liabilities	2020	2021	Assets	2020	2021
	Rs.	Rs.		Rs.	Rs.
Share Capital	300	400	Cash	30	90
Reserve	100	50	Accounts Receivable	105	150
Retained Earnings	30	60	Inventories	150	195
Accounts Payable	45	135	Fixed Assets	190	210
	475	645		475	645

Additional Information:

- The company issued bonus shares for Rs. 50,000 and for cash Rs. 50,000.
- Depreciation written off during the year Rs. 15,000.

OR

- b From the following Balance Sheets of Tamil Nadu Electricals Ltd. Prepare Cash Flow Statement.

Liabilities	31.12.2021	01.01.2021	Assets	31.12.2021	01.01.2021
	Rs.	Rs.		Rs.	Rs.
Share Capital	38,000	36,000	Cash	8,000	12,000
Creditors	10,000	8,000	Debtors	38,000	31,000
Bills Payable	5,200	4,800	Building	12,400	10,000
Profit and Loss A/c	7,000	5,800	Patent	1,800	1,600
	60,200	54,600		60,200	54,600

Z-Z-Z

END