

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION DECEMBER 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 Main objective of cost accounting is
 - (i) Recording of cost
 - (ii) Fixation of Selling Price
 - (iii) Cost Control
 - (iv) Maximize Profit
- 2 Bin card is maintained by
 - (i) Accounts department
 - (ii) Costing department
 - (iii) Stores department
 - (iv) Purchase department
- 3 Depreciation on machinery is charged under
 - (i) Factory overheads
 - (ii) Office overheads
 - (iii) Direct overheads
 - (iv) Indirect overheads
- 4 What is the main objective of management accounting?
 - (i) To identify and analyze the result of business operations
 - (ii) To study business transactions
 - (iii) To check and maintain accounting records
 - (iv) To remind the amount due to customers
- 5 Out of the following which is the most suitable examples with regard to the current assets
 - (i) Cash and inventory
 - (ii) Receivables and payables
 - (iii) Payables and inventory
 - (iv) Cash, receivables and inventory

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Summarize the objectives of cost accounting?
OR
- b Prepare a statement showing cost and profit from the information given below

a) Material consumed	b) Prime Cost	c) Works cost	d) Cost of Production
e) Cost of sales	f) Profit	g) Sales	

Material purchased	2,00,000	Wages	1,00,000
Opening stock of materials	Rs.40,000	Direct expenses	20,000
Closing stock of materials	Rs.60,000		

- Factory overheads are absorbed at 20% on wages.
 - Administrative overheads is 25% on the works cost
 - Selling and distribution overheads are 20% on the cost of production
 - Profit is 20% on sales
- 7 a Calculate Economic order quantity:

Annual consumption	-	600 units
Order cost	-	Rs.12 per order
Cost per unit	-	Rs.20
Storage & Carrying	-	20% on cost per unit

OR
 - b From the following data given by the personnel department. Calculate the labour turnover rate by applying separation method, replacement method and Flux method.
Number of workers on the payroll:

At the end of the month	-	900 (Closing balance)
At the beginning of the month	-	1,100 (Opening balance)

 During the month 10 workers left, 40 workers were discharged and 150 workers recruited. Of these 25 workers are recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

- 8 a Kumaresh Ltd. has three production department P1, P2 and P3 and two service departments S1 and S2. The following figures are extracted from the records of the company

Rent and Rates	Rs.5,000	General Lighting	Rs.600
Indirect wages	Rs.1,500	Power	Rs.1,500
Depreciation of machinery	Rs.10,000	Sundries	Rs.10,000

Following further details are available:

	Total	P1	P2	P3	S1	S2
Floor space(Sq. meters)	10,000	2,000	2,500	3,000	2,000	500
Light Points	60	10	15	20	10	5
Direct Wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
Horse Power of machinery	150	60	30	50	10	--
Value of machinery (Rs.)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various departments on the most equitable basis by preparing a Primary Departmental Distribution Summary

OR

- b Calculate the machine hour rate for Machine A from the following data

- Cost of machine Rs.16,000
- Estimated scrap value Rs.1,000
- Estimate working life of machine 10,000 hours
- Running time per 4 weekly period 160 hours
- Average cost of repairs and maintenance per 4 weekly period is Rs.120
- Standing charges allocated to machine A per 4 weekly period is Rs.40
- Power used by machine: 4 units per hour @ 5 paise per unit

- 9 a Sketch out the objectives of management accounting

OR

- b Extract the limitations of management accounting

- 10 a Prepare a statement of changes in Working Capital from the following Balance Sheet of Manjit and Company Limited

Liabilities	2016	2017	Assets	2016	2017
Equity Capital	5,00,000	5,00,000	Fixed Assets	6,00,000	7,00,000
Debentures	3,70,000	4,50,000	Long term Investment	2,00,000	1,00,000
Tax Payable	77,000	43,000	Work-in-Progress	80,000	90,000
Accounts Payable	96,000	1,92,000	Stock-in-trade CA	1,50,000	2,25,000
Interest Payable	37,000	45,000	Accounts Receivable CA	70,000	1,40,000
Dividend Payable	50,000	35,000	Cash CA	30,000	10,000
	11,30,000	12,65,000		11,30,000	12,65,000

OR

- b BM Company presents the following information and you are required to calculate funds from operation

Particulars	Amount	Particulars	Amounts
To Expenses:		By Gross Profit	2,00,000
Operation	1,00,000	By Gain on Sale of Plant	20,000
Depreciation	40,000		
To Loss on sale of buildings	10,000		
To Advertisement Suspense A/c	5,000		
To Discount (Allowed to customers)	500		
To Discount on Issue of Shares written off	500		
To Good will	12,000		
To Net Profit	52,000		
	2,20,000		2,20,000

- 14 a Distinguish between cost accounting and management accounting.
OR
b Briefly discuss about the tools and techniques of management accounting.

- 15 a From the following Balance Sheet of SM Industries Prepare a Fund Flow Statement showing the working clearly

Liabilities	31.12.2017	31.12.2018	Assets	31.12.2017	31.12.2018
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
	----- 1,06,000 =====	----- 94,000 =====		----- 1,06,000 =====	----- 94,000 =====

Additional information:

- i. Depreciation of Rs. 20,000 on Plant & Machinery was charged to Profit and Loss Account.
 - ii. Dividend of Rs. 12,000 were paid during the year.
- OR**
- b Differentiate between fund flow and cash flow statement.

Z-Z-Z

END