

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2023
(Second Semester)

Branch – COMMERCE (COST AND MANAGEMENT ACCOUNTING)

FUNDAMENTALS OF 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 Cost centres, which are concerned with production are known as _____ cost centres.
(i) Service (ii) Personal
(iii) Production (iv) Sales
- 2 _____ is the difference between the actual hours paid for and the actual hours worked on jobs.
(i) Idle time (ii) Over time
(iii) Bonus (iv) Wages
- 3 Audit fees are treated as _____ expenses.
(i) Factory (ii) Administration
(iii) Selling (iv) Distribution
- 4 Financial statements are meaningful and useful only when they are _____.
(i) Verified (ii) Presented to owners
(iii) Analysed and Interpreted (iv) Published
- 5 Funds from operation is _____.
(i) Gross profit (ii) Net profit
(iii) Surplus (iv) Operating profit

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a State the differences between cost accounting and management accounting.
OR
b Calculate prime cost, factory cost, cost of production, cost of sales and profit from the following details:

	Rs.
Direct materials	10,000
Direct labour	4,000
Direct expenses	500
Factory expenses	1,500
Administrative expenses	1,000
Selling expenses	300
Sales	20,000

- 7 a Material 'A' is used as follows:
Maximum usage in a month 600 units
Minimum usage in a month 400 units
Average usage in a month 450 units
Lead time: Maximum 6 months, minimum 2 months.
Reorder quantity : 1,500 units
Maximum reorder period for emergency purchases – 1 month
Calculate
i) Reorder level
ii) Maximum level
iii) Minimum level

OR

- b Mr. 'A' a worker in a factory is paid on time basis. During the month of October 2020 he has worked for 200 hours. His hourly wage rate is Rs.10 per hour.
Mr. B another employee of the company is paid on the basis of piece wages. During the month of October 2020 his output was 1,000 units. Rate of wages per piece is Rs.3.
Calculate the wages of respective workers for the month of October 2020.

Cont...

- 8 a Calculate the overhead allocable to production departments A and B from the following:

There are two service departments X and Y. X renders service to A and B in the ratio of 3:2 and Y renders service to A and B in the ratio of 9:1. Overhead as per primary overhead distribution is:

A – Rs.49,800; B – Rs. 29,600; X – Rs. 15,600; Y – Rs.10,800

OR

- b In a factory there are three production departments A,B and C and two service departments P and Q. For April 2016 the department expenses were:

A – Rs.1,30,000; B – Rs.1,20,000; C – Rs.1,00,000;

P – Rs.24,000; Q – Rs.20,000.

The service department expenses are apportioned on percentage basis as given below:

Departments

	A	B	C	P	Q
P	30%	40%	15%	-	15%
Q	40%	30%	25%	5%	-

Prepare a statement showing the distribution of service department overheads to production department under Repeated Distribution method.

- 9 a State the nature of Management accounting.

OR

- b From the following details of a business concern calculate net profit ratio

	Rs.
Sales	3,50,000
Cost of goods sold	1,50,000
Administration expenses	50,000
Selling expenses	10,000

- 10 a Calculate funds from operations from the following Profit and Loss a/c.

Profit and Loss account

Particulars	Rs.	Particulars	Rs.
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	4,000		
To Discount	200		
To Goodwill	20,000		
To Net Profit	1,15,800		
	5,10,000		5,10,000

OR

- b Calculate cash flow from operating activities:

	Rs.
Total sales for the year	10,00,000
Total purchases for the year	6,50,000
Commission received during the year	10,000
Office expenses for the year	15,000
Administrative expenses for the year	20,000
Income Tax paid during the year	12,000

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 x 10 = 30)

- 11 In a factory 20,000 units of product A were manufactured in the months of July 2019. From the following figures obtained from the costing records, prepare a cost sheet.

	Rs.
Opening stock of raw materials	5,000
Purchase of raw materials	55,000
Closing stock of raw materials	10,000
Direct wages	30,000
Factory overheads	40,000
Office and administration overheads	20,000

- 12 Calculate Labour turnover in
 i) Separation method
 ii) Replacement method
 iii) Flux method
- | | |
|---|------|
| Total number of employees at the beginning of the month | 2010 |
| Total number of employees at the end of the month | 1990 |
| No. of employees who left during the month | 50 |
| No. of employees who are recruited during the month | 30 |
- 13 The following information is supplied from the costing records of a company.

	Rs.
Rent	2000
Maintenance	1200
Depreciation	900
Lighting	200
Insurance	1000
Employer's contribution to provident fund	300
Energy	1800
Supervision	3000

Departments

	A	B	C	D
Floor space	150	110	90	50
Number of workers	24	16	12	8
Total Direct Wages (Rs.)	8,000	6,000	4,000	2,000
Cost of Machinery (Rs.)	24,000	18,000	12,000	6,000
Stock of Goods (Rs.)	15,000	9,000	6,000	--

Prepare a statement showing apportionment of cost to various departments.

- 14 From the following information prepare a Balance Sheet.

Working capital	Rs. 75,000
Reserves and Surplus	Rs.1,00,000
Bank overdraft	Rs. 60,000
Current ratio	1.75
Liquid ratio	1.15
Fixed assets to Proprietor's fund	0.75
Long term liabilities	Nil

- 15 Following is the Balance Sheet of a company for the year 2013 and 2014.

BALANCE SHEET

Liabilities	2013 (Rs.)	2014 (Rs.)	Assets	2013 (Rs.)	2014 (Rs.)
Share capital	70,000	74,000	Goodwill	10,000	5,000
Profit & Loss a/c	10,740	11,360	Land	20,000	30,000
Debentures	12,000	6,000	Stock	49,200	42,700
Creditors	10,360	11,840	Debtors	14,900	17,700
			Cash	9,000	7,800
	1,03,100	1,03,200		1,03,100	1,03,200

Additional information:

- a) Dividends were paid Rs.4,000.
 b) Land purchased Rs. 10,000.

Prepare a Funds flow statement.