

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

**BCom DEGREE EXAMINATION DECEMBER 2024
(Third Semester)**

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

COST & MANAGEMENT ACCOUNTING-I

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	In management accounting, variance analysis is used to----- A) Evaluate the difference between planned and actual performance B) Calculate profit margin C) Determine fixed cost D) Compute the depreciation	K1	CO1
	2	What is the primary purpose of management accounting? A) External financial reporting B) Internal decision making C) Compliance with regulations D) Tax reporting	K2	CO1
2	3	Perpetual inventory system helps in----- A) Controlling purchase quantity B) Maintaining continuous record of inventory C) Forecasting material price fluctuations D) Reducing waste in production	K1	CO2
	4	If the re-order level is higher than the minimum stock level, the most likely reason is to----- A) Avoid stock-outs B) Reduce storage costs C) Minimize ordering costs D) Increase lead time	K2	CO2
3	5	In the context of direct labor, idle time refers to----- A) Time spent on productive work B) Time spent on training sessions C) Time when employees are paid but not working due to lack of work or machine breakdowns D) Time spent on overtime work	K1	CO3
	6	Overtime premium paid to workers is usually treated as----- A) Direct labour cost B) Indirect labour cost C) Factory overhead D) Direct expenses	K2	CO3
4	7	Overheads refer to----- A) Direct costs incurred in production B) Indirect costs that cannot be traced directly to a product C) Only fixed costs D) Variable costs only	K1	CO4

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	8	Fixed overheads per unit decrease when----- A) Production levels decrease B) Production levels increase C) Sales levels decrease D) Variable costs increase	K2	CO4
5	9	Marginal costing treats fixed costs as----- A) Product costs B) Period costs C) Part of inventory costs D) Overhead costs	K1	CO5
	10	In activity-based costing (ABC), cost drivers are used to----- A) Allocate direct costs B) Assign overhead costs based on the activities that generate the costs C) Calculate direct labor costs D) Simplify the production process	K2	CO5

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks - (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	What are the differences between Management Accounting and Cost Accounting?	K2	CO1
		(OR)		
	11.b.	Explain the significance of Management Accounting.		
2	12.a.	Calculate the ordering level of material A from the following particulars: i) Minimum limit 500 units. ii) Maximum limit 2,500 units. iii) Daily requirement of material 100 units. iv) Time required for fresh delivery 10 days.	K3	CO2
		(OR)		
	12.b.	The following information is relating to a material for the year ended 2010. The value of material is Rs. 1per kg. Opening Stock 800kg Purchases 12,000kg Closing Stock 400kg Calculate the material turnover ratio and express in number of days the averages inventory held.		
3	13.a.	From the following information, calculate the labour turnover rate and labour flex rate: Number of workers at the beginning of the year 3,800 Numbers of workers at the end of the year 4,200 During the year 40 workers leave while 160 workers are discharged. 600 workers are required during the year, of these 150 workers are recruited because of leavers and the rest are engaged in accordance with an expansion scheme.	K4	CO3
		(OR)		

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	13.b.	Mr. A a worker in factory is paid on time basis. During the month of October 2010 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 2010 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 2010.																																																																																								
4	14.a.	Kumaresh Ltd., has three production departments 'A', 'B' & 'C' and two service departments 'D' and 'E'. The following figures are extracted from the records of the company: <table><tr><td></td><td>Rs.</td></tr><tr><td>Rents and Rates</td><td>5,000</td></tr><tr><td>Indirect wages</td><td>1,500</td></tr><tr><td>Depreciation of machinery</td><td>10,000</td></tr><tr><td>General Lighting</td><td>600</td></tr><tr><td>Power</td><td>1,500</td></tr><tr><td>Sundries</td><td>10,000</td></tr></table> Following further details are available: <table><tr><td></td><td>Total</td><td>A</td><td>B</td><td>C</td><td>D</td><td>E</td></tr><tr><td>Floor space in square feet</td><td>10,000</td><td>2,000</td><td>2,500</td><td>3,000</td><td>2,000</td><td>500</td></tr><tr><td>Light points</td><td>60</td><td>10</td><td>15</td><td>20</td><td>10</td><td>5</td></tr><tr><td>Direct wages</td><td>10,000</td><td>3,000</td><td>2,000</td><td>3,000</td><td>1,500</td><td>500</td></tr><tr><td>H.P. of machines</td><td>150</td><td>60</td><td>30</td><td>50</td><td>10</td><td>-</td></tr><tr><td>Value of Machinery (Rs)</td><td>2,50,000</td><td>60,000</td><td>80,000</td><td>1,00,000</td><td>5,000</td><td>5,000</td></tr></table> Apportion the cost to various departments on the most equitable basis by preparing a primary departmental distribution summary. (OR) A factory has three production departments A,B and C two service departments S₁ and S₂. The overheads costs of each of the departments are as under:- <table><tr><td>Department(s)</td><td>Cost (Rs.)</td></tr><tr><td>A</td><td>10,000</td></tr><tr><td>B</td><td>9,000</td></tr><tr><td>C</td><td>12,000</td></tr><tr><td>S₁</td><td>6,000</td></tr><tr><td>S₂</td><td>4,000</td></tr></table> The costs of the service departments are to be apportioned as under <table><tr><td></td><td>A</td><td>B</td><td>C</td><td>S₁</td><td>S₂</td></tr><tr><td>Dept. S₁</td><td>30%</td><td>20%</td><td>30%</td><td>-</td><td>20%</td></tr><tr><td>Dept. S₂</td><td>40%</td><td>40%</td><td>20%</td><td>-</td><td>-</td></tr></table> Complete the overheads costs of each of the production departments.		Rs.	Rents and Rates	5,000	Indirect wages	1,500	Depreciation of machinery	10,000	General Lighting	600	Power	1,500	Sundries	10,000		Total	A	B	C	D	E	Floor space in square feet	10,000	2,000	2,500	3,000	2,000	500	Light points	60	10	15	20	10	5	Direct wages	10,000	3,000	2,000	3,000	1,500	500	H.P. of machines	150	60	30	50	10	-	Value of Machinery (Rs)	2,50,000	60,000	80,000	1,00,000	5,000	5,000	Department(s)	Cost (Rs.)	A	10,000	B	9,000	C	12,000	S ₁	6,000	S ₂	4,000		A	B	C	S ₁	S ₂	Dept. S ₁	30%	20%	30%	-	20%	Dept. S ₂	40%	40%	20%	-	-	K4	CO4
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5	15.a.	(When profits as per financial and cost accounts are given). The Profit shown in the Financial Accounts was Rs. 1, 12,870 and for the same period the cost accounts showed a profit of Rs. 27,040.	K4	CO5																																																																																						

	Examination of the accounts showed the following differences:																													
	<table><tr><td></td><td>Cost Accounts.</td><td>Financial Accounts</td></tr><tr><td></td><td>Rs.</td><td>Rs.</td></tr><tr><td>Depreciation</td><td>98,260</td><td>1,05,200</td></tr><tr><td>Stock Valuations:</td><td></td><td></td></tr><tr><td>Opening Stocks</td><td>2,75,100</td><td>2,55,000</td></tr><tr><td>Closing Stocks</td><td>1,82,180</td><td>1,87,500</td></tr><tr><td>Profit on sale of Asset</td><td>-</td><td>8,500</td></tr><tr><td>Dividend Received</td><td>-</td><td>26,350</td></tr><tr><td>Imputed rent charge</td><td>32,500</td><td>-</td></tr></table>		Cost Accounts.	Financial Accounts		Rs.	Rs.	Depreciation	98,260	1,05,200	Stock Valuations:			Opening Stocks	2,75,100	2,55,000	Closing Stocks	1,82,180	1,87,500	Profit on sale of Asset	-	8,500	Dividend Received	-	26,350	Imputed rent charge	32,500	-		
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15.b.	Compute the economic batch quantity for a company using batch costing with the following information:- Actual demand for the components : 400 Units Setting and order processing costs : Rs. 50 Cost of Manufacturing on unit : Rs. 100 Rate of interest p.a 10%																													

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Enumerate the Techniques or Types of Costing.	K3	CO1
2	17	Calculate the following levels for part No: 809073 from the information given thereunder: a) Re- order level b) Maximum level c) Minimum level d) Average stock level The re- ordering quantity is to be calculated from the following data: i) Total cost of purchasing relating to the order Rs 20 ii) Number of unites to be purchased during the year Rs 5,000 iii) Purchase price per unit including transportation cost Rs 50 iv) Annual cost of storage of one unit Rs 5 Lead Times: Average 10 days Maximum 15 days Minimum 6 days Max for emergency purchases 4 days Rate of Consumption : Average 15 units per day Maximum 20 units per day	K4	CO2
3	18	In a factory workers are paid at Rs.50 per hour. During the month of April 2010, there were 25 working days of 8 hours each. There is also a 'Piece work Plan' where in Rs. 10 is to be paid for piece produced. During the month worker 'X' produced on average 48 pieces per working day. Ascertain the wages of worker 'X' under a) Time Wages b) Piece Wages	K5	CO3

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4	19	The following details pertain to the production department of a factory. <table><tr><td>Material Consumed</td><td>Rs</td><td>60,000</td></tr><tr><td>Direct Wages</td><td>Rs</td><td>40,000</td></tr><tr><td>Machine Hours</td><td></td><td>50,000</td></tr><tr><td>Labour hours worked</td><td></td><td>25,000</td></tr></table> Factory overhead relating the department Rs. 50,000 Calculate overhead absorption rates under different possible methods from the above details.	Material Consumed	Rs	60,000	Direct Wages	Rs	40,000	Machine Hours		50,000	Labour hours worked		25,000	K4	CO4		
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5	20	Following information has been extracted form the costing record of the Jai Engineering Works in respect of Job.No.28 <table><tr><td>Materials</td><td>Rs. 3,450</td></tr></table> Wages: <table><tr><td>Dept. A</td><td>60 hours @ Rs.3 per hour</td></tr><tr><td>Dept. B</td><td>40 hours @ Rs.2 per hour</td></tr><tr><td>Dept. C</td><td>20 hours @ Rs.4 per hour</td></tr></table> Over head expenses for the three departments were estimated as follows:- Variable over heads: <table><tr><td>Dept. A</td><td>Rs. 4000 for 4,000 direct labour hours</td></tr><tr><td>Dept. B</td><td>Rs. 3000 for 1,500 direct labour hours</td></tr><tr><td>Dept. C</td><td>Rs. 1000 for 500 direct labour hours</td></tr></table> Fixed over heads: Estimated at Rs. 10,000 for 10,000 normal working hours You are required to Calculate the cost of Job.No.28 and calculate the price to be charged so as to give profit of 20% on selling price.	Materials	Rs. 3,450	Dept. A	60 hours @ Rs.3 per hour	Dept. B	40 hours @ Rs.2 per hour	Dept. C	20 hours @ Rs.4 per hour	Dept. A	Rs. 4000 for 4,000 direct labour hours	Dept. B	Rs. 3000 for 1,500 direct labour hours	Dept. C	Rs. 1000 for 500 direct labour hours	K3	CO5
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