

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BVoc DEGREE EXAMINATION DECEMBER 2022  
(Third Semester)

Branch – COMMERCE (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 Basic objectives of cost accounting is \_\_\_\_\_.  
(i) Tax Compliance (ii) Financial Audit  
(iii) Cost Ascertainment (iv) Profit Analysis
- 2 Which one out of the following is not an inventory valuation method?  
(i) FIFO (ii) LIFO  
(iii) Weighted Average (iv) EOQ
- 3 Most suitable basis for apportioning insurance of machine would be \_\_\_\_\_.  
(i) Floor Area (ii) Value of Machines  
(iii) No. of Workers (iv) No. of Machines
- 4 Management accounting is concerned with reporting to \_\_\_\_\_.  
(i) Internal Managers (ii) Shareholders  
(iii) Government (iv) Bankers
- 5 Funds flow statement is based on the \_\_\_\_\_ concept of funds.  
(i) Working Capital (ii) Cost  
(iii) Fixed Assets (iv) Long term Capital

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a. Sketch the elements of cost.  
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. From the following information, Compute Economic Ordering Quantity:  
Annual Usage : 6,000 Units  
Cost of Materials per unit : Rs. 20  
Cost of placing and receiving one order : Rs. 60  
Annual carrying cost of one unit : 10 % of inventory value.

OR

- b. Relevant data regarding number of workers on roll is given below for October 2022:  
At the beginning of the month 750  
At the end of the month 850

During the month 10 workers left, 30 workers were discharged and 100 workers were recruited. Of these, 15 workers were recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme. You are asked to calculate Labour Turnover Rate.

Cont...

- 8 a Classify overheads based on behaviour of expenditure.

OR

- b In a light engineering factory, the following particulars have been collected for the three months period ended on 31<sup>st</sup> March 2022. You are required to reapportion the service departments expenses to production departments.

	Production Department			Service Department	
	P1 Rs.	P2 Rs.	P3 Rs.	S1 Rs.	S2 Rs.
Expenses as per Primary Distribution Summary	8,850	7,165	6,285	4,515	6,010

Apportion the expenses of service department S2 in proportion of 3:3:4 and those of service department S1 in the ratio of 3:1:1 to departments P1, P2 and P3 respectively.

- 9 a Bring out the objectives of management accounting.

OR

- b Narrate the significance of management accounting.

- 10 a Calculate funds from operation from the following profit and loss account:

**Profit and Loss Account**

Particulars	Rs.	Particulars	Rs.
To Depreciation	70,000	By Gross Profit	4,50,000
To Loss on sale of machine	4,000	By Gain on sale of Land	60,000
To Discount	200		
To Good will	20,000		
To Net Profit	4,15,000		
	5,10,000		5,10,000

OR

- b After taking in to consideration the under mentioned items Jain Ltd. made a net profit of Rs. 1,00,000 for the year ended 31<sup>st</sup> December 2021.

Particulars	Rs.
Loss on Sale of Machinery	10,000
Depreciation on Building	4,000
Depreciation on Machinery	5,000
Preliminary Expenses Written Off	5,000
Provision for Taxation	10,000
Good will Written off	5,000
Gain on Sale of Buildings	8,000

Find out the Cash from Operation.

**SECTION -C (30 Marks)**

Answer ALL questions

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

- 11 a Discuss the advantages and disadvantages of cost accounting.

OR

- b Mr. Krishna furnishes the following data relating to the manufacture of a standard product during the month of November 2022 :

Raw materials consumed	Rs. 15,000
Direct labour charges	Rs. 9,000
Machine hours worked	900
Machine hour rate	Rs. 5
Administration overheads	20% on works cost
Selling overhead	Re. 0.50 per unit
Units produced	17,100 Units
Units sold	16,000 Units at Rs. 4 per unit

You are required to prepare a cost sheet from the above, showing

- the cost per unit
- cost per unit sold and profit for the period

Cont...

- 12 a Following is the extract of the records of receipts and issues of GA Pvt. Ltd. during May 2022:

May 2022	
1	Opening Stock 1200 units @ Rs. 20 each
2	Purchased 600 units @ Rs. 19.50 each
5	Issued 800 Units
12	Purchased 1300 units @ Rs. 19 each
15	Issued 1250 Units
20	Purchased 1000 units @ Rs. 20 each
29	Issued 1700 Units
30	Purchased 1000 units @ Rs. 22 each
31	Issued 750 Units

Prepare Stores Ledger Account for the above transactions according to the FIFO pricing issues of materials.

OR

b

Time Allowed	48 Hours
Time Taken	40 Hours
Rate Per Hour	Re. 1

Calculate the labour cost under Halsey and Rowan Plan.

- 13 a You are supplied with the following information. Calculate overhead under simultaneous equation 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 Enumerate the nature and scope of management accounting.

OR

b Differentiate management accounting from cost accounting.

15 a From the following balance sheets of a company for the year ended on 31<sup>st</sup> March 2021 and 2022, Prepare the schedule of changes in working capital and fund flow statement:

Liabilities	31.03.2021	31.03.2022	Assets	31.03.2021	31.03.2022
	Rs.	Rs.		Rs.	Rs.
Share Capital	3,00,000	4,00,000	Plant	50,000	60,000
Creditors	1,00,000	70,000	Furniture	10,000	15,000
Profit and Loss A/c	15,000	30,000	Stock	85,000	1,05,000
			Debtors	1,60,000	1,50,000
			Cash	1,10,000	1,70,000
	4,15,000	5,00,000		4,15,000	5,00,000

OR

b From the following Balance Sheets of S Ltd. Prepare a Cash Flow Statement.

Balance Sheet

Liabilities	2020	2021	Assets	2020	2021
	Rs.	Rs.		Rs.	Rs.
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit and Loss A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Tax Provision	75,000	10,000	Bank	1,49,000	1,97,000
Loan	-	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Further Details:

1. Investment costing Rs. 8,000 were sold for Rs. 8,500
2. Tax provision made during the year was Rs. 9,000
3. During the year fixed assets costing Rs. 10,000 was sold for Rs. 12,000

Z-Z-Z

END