18CMA05

PSG COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2022

(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 (

 $(5 \times 1 = 5)$

1. Which is the primary objective of cost accounting	objective of cost accounting	ojective of cost ac	primary	s the	Which is	1.
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a] Ascertainment of cost

b] Price

c] Profit

d] Decision making

2. Which method is suitable in case of rising prices.

a] FIFO

b] LIFO

c] HIFO

d] Weighted average

3. is the allocation and apportionment of overhead costs to cost centres or departments.

a] Allocation

b] Departmentalisation d] None of these

c] Secondary

4. Which is a new approach to accounting?

al Financial accounting

b] Costing

c] Management accounting

d] HRM

5. Which statement is useful for short term financial analysis?

a] Ratio

b] Funds flow

c] Cash flow

d] Budgetary

SECTION - B (15 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks

 $(5 \times 3 = 15)$

6. a) Bring out the objectives of cost accounting.

[OR]

- b) State the purposes of cost sheet.
- 7. a) Prepare the economic order quantity, the number of orders per year and their frequency from the following information.

Monthly consumption 3,000 units

Cost per unit Rs.54

Ordering cot Rs.150 per order

Inventory carrying cost 20% of the average inventory

[OR]

b) From the following particular Show the earnings of A and B under Halsey plan

Standard time	10 hour
Time rate	Rs.10 per hour
Time taken	9 hours by A
	8 hours by B

Cont...

8. a) Classify the overheads according to function.

[OR]

b) The factory of a large manufacturing company has several departments. State the basis you would adopt for apportionment of the following overhead expenses to various departments.

i. Lighting and heatingii. Crèches expensesiii. Material handling charges

9. a) Summarize the functions of management accounting.

[OR]

b) From the following details of a trader, you are required to calculate stock turnover ratio.

Rs.
39,984
380
1,378
1,814
8,068

10. a) Outline the significances of funds flow statement.

[OR]

b) Explain the limitations of cash flow statement.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

 $(5 \times 6 = 30)$

11. a) Distinguish between cost accounting and financial accounting.

[OR]

b) Discover prime cost, factory cost, cost of production, cost of sales and profit from the following details;

	71, 100
Particulars	Rs.
Direct materials	10,000
Direct labour	4,000
Direct expenses	500
Factory expenses	1,500
Administrative expense	1,000
Selling expenses	300
	20,000
Sales	1 20,000

12. a) X Company has purchased and issued materials as under;

3 7	Stock of materials Purchased Purchased	200 units at Rs.2.50 per units 300 units at Rs.3 per unit 500 units at Rs.4 per unit 600 units
10	Issued	600 units
12	Purchased	400 units at Rs.4 per unit
18	Issued	500 units 400 units at Rs.5 per unit
24	Purchased	200 units
	Issued	200 units

Identify the stores ledger under FIFO method

b) From the following information Highlight the labour turnover rate;

Number of workers at the beginning of the period	3,800
Number of workers at the end of the period	4,200
1 dilloor of workers at the	1 (00

During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year, of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

13. a) Analyse the various methods of secondary distribution of overheads.

[OR]

b) X Ltd. has 3 production departments A, B and C and 2 service department D and E. Following information relates for the month of January 2021.

	Rs.
Rent	10,000
Department for machine	20,000
Motive power	3,000
Indirect wages	23,000
Lighting	1,200

Additional information

	Production departments			Service departments		
	A	В	C	D	<u>E</u>	
A (ag foot)	2,000	2,500	3,000	2,000	500	
Area occupied (sq. feet)	10	15	20	10	5	
Light points	3,000	2,000	3,000	1,500	500	
Direct wages (Rs.)	60	30	50	10		
Horse power Value of machine (Rs.)	60,00	80,000	1,00,000	5,000	5,000	

Discover overheads distribution statement.

14. a) Distinguish between management accounting and financial accounting.

[OR]

b) From the following details Identify

(i) Current Assets (ii) Current liabilities (iii) Liquid Assets and (iv) Stock.

Current ratio 2.5: Liquid ratio 1.5: Working Capital Rs 90.000

15. a) From the following balance sheets of B Ltd., Discover a Schedule of changes in working capital for the year 2019.

Liabilities	31.12.18	31.12.19	Assets	31.12.18	31.12.19
Liabilities	Rs.	Rs		Rs.	Rs 75 000
Accounts payable	50,000	45,000	Cash Accounts Receivable	35,000 98,000	75,000 90,000
Bills payable	20,000	55,000 1,50,000	Stock	87,000	1,20,000
Capital Stock Retained earnings	60,000	75,000	Long term investments	15,000	10,000
Rotallion outlings			Land	$\frac{20,000}{2,55,000}$	$\frac{30,000}{3,25,000}$
	2,55,000	3,25,000		2,35,000	3,23,000

[OR]

b) Distinguish between funds flow statement and cash flow statements.