

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

**MCom (CS) DEGREE EXAMINATION MAY 2018  
(Second Semester)**

**Branch – CORPORATE SECRETARYSHIP**

**COST AND MANAGEMENT ACCOUNTING**

Time : Three Hours

Maximum : 75 Marks

**SECTION -A (30 Marks)**

Answer ALL questions

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

- 1 a Prepare a cost sheet showing cost and profit from the information given below :

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

Factory overhead is absorbed at 20% on wages. Administration overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

OR

- b From the following particulars, calculate the earnings of workers A and B under Halsey plan and Rowan plan :

Standard time - 10 hours

Time rate - Rs. 1 per hour

Time taken - 9 hours by A, 8 hours by B

- 2 a Prepare a reconciliation statement from the following details :

	Rs.
Net loss as per Cost Accounts	3,44,800
Net Loss as per Financial Accounts	4,32,890
Works overhead under recovered in costing	6,240
Depreciation overcharged un costing	2,600
Interest on Investments	17,500
Administrative overhead over recovered in costing	2,600
Goodwill written off	92,000
Stores adjustment in financial books (Cr)	950
Depreciation of stock charged in financial books	13,500

OR

- b Following are the extracts from the balance sheet of Charles David Co Ltd as on 31<sup>st</sup> Dec 1997 and 31<sup>st</sup> Dec 1998, You are required to compute funds from operations :

Particulars	As on 31 <sup>st</sup> Dec 1997 Rs.	As on 31 <sup>st</sup> Dec 1998 Rs.
Profit and loss appropriate a/c	90,000	2,20,000
General reserve	60,000	75,000
Goodwill	30,000	15,000
Preliminary expenses	18,000	12,000
Provision for depreciation on machinery	30,000	36,000

- 3 a Product 'A' requires 10 kg of material at the rate of 4 per kg. The actual consumption of material for the manufacturing of product 'A' came to 12 kg of materials at the rate of Rs. 450 per kag. Calculate (i) Material cost variance (ii) Materials usage variance (iii) Materials price variance.

OR

- b A company manufactures a product 'A', A forecast of the units to be sold in the first seven months of the year is given below :

January	1000 units
February	1200 units
March	1600 units
April	2000 units
May	2400 units
June	2400 units
July	2000 units

It is anticipated that (i) there will be no work-in-progress at the end of any month and (ii) Finished units equal to half the sales for the next month will be in stock at the end of each month (including the previous year).

Budged production and production costs for the whole year are as follows :

Production	22,000 units
Direct material (per unit)	Rs. 12.50
Direct labour (per unit)	Rs. 4.50
Total factory overhead (apportioned)	66,000

Prepare for the six months period ending 30<sup>th</sup> June (i) a production budget for each month and (ii) a summarized production cost budget.

- 4 a From the following data, calculate (i) P/V ratio (ii) Variable cost and (iii) Profit : Sales – Rs. 80,000; Fixed expenses – Rs. 15,000; BEP – Rs. 50,000

OR

- b From the following profit and loss account of Eveready Co Ltd for the year ending on 31<sup>st</sup> March 2008 and 2009, you are required to prepare a comparative income statement :

Particulars	Year ended 31-3-2009	Year ended 31-3-2008
Sales	12,80,000	9,60,000
Less cost of good sold	7,12,000	4,96,000
Gross profit	5,68,000	4,64,000
Less : Administrative Expenses	2,56,000	1,76,000
Selling expenses	1,44,000	1,68,000
Interest charges	6,400	9,600
	4,06,400	3,53,600
Net profit before income tax	1,61,600	1,10,400
Less Income tax @ 50%	80,800	55,200
Net profit after tax	80,800	55,200

- 5 a What is management accounting? How is it helpful to management?

OR

- b Lakshmi Travels, a transport company is running a fleet of six buses between two towns 75 kms apart. The seating capacity of each bus is 40 passengers. the following particulars are available for the month of April 2007 :

5 b Cont...

	Rs.
Wages of Drivers, Conductors etc.,	8,600
Salaries of office & supervisory staff	1,500
Diesel oil etc.,	10,320
Repairs and maintenance	1,200
Taxes and insurance	2,400
Depreciation	3,900
Interest and other charges	3,000

The actual passengers carried were 80% of the capacity. All the buses run all the days in the month. Each bus made one round trip per day.  
Find out cost per passenger kilometer.

**SECTION -B (45 Marks)**

Answer any **THREE** questions

**ALL** questions carry **EQUAL** Marks (3 x 15 = 45)

- 6 Distinguish between Financial Accounting and Cost Accounting.
- 7 From the following particulars, prepare the balance sheet of Arihant Ltd, which has only one class of share capital :
- |  |               |
|--|---------------|
| i) Sales for the year                      | Rs. 10,00,000 |
| ii) Gross profit ratio                     | 25%           |
| iii) Current assets ratio                  | 1.50 : 1      |
| iv) Liquid assets (cash and debtors) ratio | 1.25 : 1      |
| v) Stock turnover ratio                    | 15 times      |
| vi) Debt collection period                 | 1 ½ months    |
| vii) Turnover to fixed assets              | 1.5           |
| viii) Ratio of reserves to share capital   | 0.33 (ie 1/3) |
| ix) Fixed assets to net worth              | 0.83 (ie 5/6) |
- Turnover refers to cost of goods sold and stock to closing stock.

- 8 Product A is obtained after it passes through three distinct processes. Prepare Process accounts from the following :

	Process I Rs.	Process II Rs.	Process III Rs.	Total
Materials	5,200	3,960	5,924	15,084
Labour	4,000	6,000	8,000	18,000
Production costs				18,000

1,000 units of materials at the rate of Rs. 6 per unit were introduced in process I. Production overhead is to be distributed at 100% on labour.

Processes	Total output units	Normal loss	Value of scrap per unit (Rs.)
I	950	5%	4
II	840	10%	8
III	750	15%	10

- 9 The Modern Co is divided into four departments A, B, C are production departments and D is a service department. The actual costs for a period are as follows :

	Rs.
Rent	1,000
Repairs to plant	600
Depreciation on plant	450
Employer's liability for insurance	150
Supervision	1,500
Fire insurance in respect of stock	500
Power	900

9 Cont...

The following information are available in respect of the 4 departments :

Particulars	Dept A	Dept B	Dept C	Dept D
Ares (Sq. meters)	1500	1100	900	500
No. of employees	20	15	10	5
Total wages (Rs.)	6,000	4,000	3,000	2,000
Value of plant (Rs.)	26,000	18,000	12,000	6,000
Value of stock (Rs.)	15,000	9,000	6,000	--
HP of plant (kwh)	24	18	12	6

Apportion the costs of the various departments on the most equitable basis.

10 From the following information, calculate the best sales mix :

	Product.	Price per unit (Rs.)
Direct materials	A	10
Direct materials	B	9
Direct wages	A	3
Direct wages	B	2

Fixed expenses – Rs. 800

Variable expenses are allotted to products at 100 % of direct wages.

Sale price A - Rs. 20 B – Rs. 15

Sales mixes

- (i) 100 units of product A and 250 of B
- (ii) 150 units of product A and 150 of B
- (iii) 200 units of product A and 100 of B.

Z-Z-Z

END