

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION MAY 2019
(Second Semester)

Branch – **COST AND MANAGEMENT ACCOUNTING**

FUNDAMENTALS OF COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 1 = 10)

- 1 Factory overheads is also termed as manufacturing overhead or
i) Office overhead ii) Selling overhead
iii) Distribution overhead iv) Production overhead
- 2 Interest on investment increases
i) Financial profit ii) Costing profit iii) Assets iv) None of the above
- 3 Under which method issue of materials is priced at the latest purchase price?
i) Simple average ii) Weighted average iii) LIFO iv) FIFO
- 4 Mr. A completes a work in 8 hours instead of 10 hours. Labour rate per hour is 5. What he will earn as per Rowan plan?
i) Rs.40 ii) Rs..48 ii) Rs.50 iv) Rs.45
- 5 Number of workers employed is used as a basic for the apportionment of:
i) Personnel department expenses ii) Canteen expenses
ii) Time office costs iv) Any of these
- 6 Director's remuneration form part of :
i) Selling overhead ii) Distribution overhead
iii) Office and administrative overhead iv) Factory overhead
- 7 Trend analysis is significant for
i) Forecasting and budgeting ii) Profit planning
iii) Capital rationing iv) Working capital management
- 8 Debt equity ratio is a measure of
i) Short term solvency ii) Long term solvency iii) Profitability iv) Efficiency
- 9 Income Tax paid is
i) Current Liability ii) Current Asset
iii) An application of Funds iv) None of the above
- 10 If the net operating profit of a business is Rs. 1,80,000 and the debtors have decreased during the year by Rs.60,000, cash from operations equal to:
i) Rs. 1,20,000 ii) Rs.2,40,000 iii) Rs.1,80,000 iv) Rs.2,20,000

SECTION - B (35 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a State any five differences between cost accounting and management accounting.
OR
- b During the year 2018-19, X Ltd., produced 50,000 units of a product. The following were the expenses:

Particulars	Rs.
Stock of raw materials of 1-4-18	10,000
Stock of raw materials on 31-3-19	20,000
Purchases	1,60,000

Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a cost sheet showing cost per unit and total cost at each stage.

- 12 a The material A was used as follows:
 Minimum usage – 50 units per week each
 Maximum usage-150 units per week each
 Normal usage-100 units per week each
 Re-order quantity-600 units
 Delivery period – 4 to 6 weeks
 Calculate:

- i) Re-order level
 ii) Minimum level
 iii) Maximum level
 iv) Average stock level

OR

- b Calculate the earnings of a worker under
 a) Rowan Premium Bonus System
 b) Halsey Weir Premium Bonus System (40% to worker)
 Hourly rate of wages Re.0.75

Standard time for producing 1 dozen is 3 hrs. Actual time taken by the worker to produce 20 dozen of articles is 48 hrs.

- 13 a The following particulars relate to a manufacturing company which has three production departments A,B,C and two service department x and y.

	Department				
	A	B	C	X	Y
Total departmental overhead as per primary distribution (Rs.)	6,300	7,400	2,800	4,500	2,000

The company decided to charge the service department cost on the basis of the following percentages:

	Production Department			Service Department	
	A	B	C	X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

Find the total overhead of production department on the repeated distribution method.

OR

- b Outline the various methods of overhead absorption.
 14 a Bring out the significance of management accounting.

OR

- b M/S Raj & sons presents you the following balance sheet as on 31.03.2019.

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. .	10,00,000	Fixed assets	10,00,000
10 each Reserve fund	1,00,000	Stock	4,00,000
7% Debentures	3,00,000	Debtors	3,00,000
Overdraft	2,00,000	Cash	2,00,000
Creditors	3,00,000		
	<u>19,00,000</u>		<u>19,00,000</u>

- Calculate: i) Current ratio ii) Liquid ratio
 iii) Proprietary ratio; and iv) Debt equity ratio

- 15 a Following are the extracts from the balance sheet of a company as on 31 March 2018 and 2019. You are required to calculate funds from operations.

	31.03.2018	31.03.2019
Profit and Loss Appropriation A/c	30,000	40,000
General reserve	20,000	25,000
Good will	10,000	5,000
Preliminary expenses	6,000	4,000
Provision for Depreciation on Machinery	10,000	12,000

OR

- b Calculate cash from operating activities from the following;

Profit & loss A/c for the year ended 31-3-2019

Particulars	Rs.	Particulars	Rs.
To Salaries	30,000	By gross profit	1,40,000
To rent	25,000	By profit on sale of plant	15,000
To depreciation	7,000	By income tax refund	10,000
To loss on sale of land	10,000		
To preliminary expense written off	5,000		
To proposed dividend	20,000		
To provision for taxation	15,000		
To net profit	53,000		
	1,65,000		1,65,000

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Prepare the reconciliation statement from the following data.

	Rs.
Net profit as per financial books	63,780
Net profit as per cost books	66,760
Factory overheads under-recovered in costing	5,700
Administrative overheads recovered in excess	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing	3,950
Interest received but not included in costing	450
Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment (credited in financial books)	420
Depreciation of stock charged in financial books	860
Dividend appropriated in financial books	1,200
Loss due to pilferage provide only in financial books	260

- 17 From the particulars given below write up the stores ledger card:

2019 January 1 Opening stock 1,000 units at Rs. 26 each
 5 Purchased 500 units at Rs. .24.50 each
 7 Issued 750 units
 10 Purchased 1,500 units at Rs. .24 each
 12 Issued 1,000 units
 15 Purchased 1,000 units at Rs. .25 each
 17 Issued 500 units
 18 Issued 300 units
 25 Purchased 1,500 units at Rs. 26 each

Adopt the FIFO method of issue and ascertain the value of the closing stock.

- 18 From the following information relating to a machine, installed in a factory, calculate the machine hour rate:
 Purchase price of the machine Rs. .1,00,000 its scrap value is Rs. 10,000
 Installation and incidental charges incurred on the machine Rs. .10,000
 Life of the machine is 10 years of 2,000 working hours each.
 Repair charges: 50% of depreciation.
 Machine consumes 10 units of electric power per hour @ 40 paise per unit
 Oil expenses @ Rs. .2 per day of eight hours;
 Consumable stores @ Rs. .10 per day of eight ours.
 Three workers are engaged on the, machine @ Rs. .5 per day of eight hours.

- 19 From the following financial statement of M/s. Western General Ltd. For the year ending 31st March 2019, you are required to calculate the following ratios.

- i) Gross profit ratio ii) Proprietary ratio
 iii) Debtors turnover ratio iv) Current ratio v) Stock turnover ratio

Trading and profit and loss a/c

Particulars	Rs.	Particulars	Rs.
To opening stock	43,500	By sales	2,25,000
To purchase	1,83,000	By closing stock	46,500
To gross profit c/d	45,000		
	<u>2,71,500</u>		<u>2,71,500</u>
To sundry expenses	24,000	By gross profit b/d	45,000
To net profit	21,000		
	<u>45,000</u>		<u>45,000</u>

Balance sheet

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,10,000	Fixed assets	1,65,000
General reserve	15,000	Current assets:	
Profit and loss A/c	21,000	Stock	46,500
Bills payable	10,500	Sundry debtors	24,000
Creditors	45,000	Bank	66,000
	<u>3,01,500</u>		<u>3,01,500</u>

- 20 From the following prepare a cash flow statement.

Liabilities	2018	2019	Assets	2018	2019
Share capital	65,000	78,000	Fixed assets	83,000	86,000
Profit & Loss A/c	4,000	6,500	Stock-in trade	29,000	37,000
Debentures	30,000	25,000	Cash	8,000	9,000
Creditors for goods	17,000	16,000	Prepaid expense	1,000	1,500
Bills payable	4,000	5,000	Goodwill	1,000	-
Outstanding expense	2,000	3,000			
	<u>1,22,000</u>	<u>1,33,500</u>		<u>1,22,000</u>	<u>1,33,500</u>