

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2018
(Second Semester)

Branch - COMMERCE (COST AND MANAGEMENT ACCOUNTING)

FUNDAMENTALS OF COST AND MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions earn EQUAL marks

(10x2 = 20)

- 1 Define Cost Accounting.
- 2 What is a cost centre?
- 3 What do you mean by Material control?.
- 4 Write a note on 'Idle time'.
- 5 What are fixed overheads?
- 6 What is meant by Absorption of overheads⁰
- 7 Give the meaning of the term 'Ratio analysis'.
- 8 What are financial statements?
- 9 Explain the meaning of funds.
- 10 State any two uses of cash flow statement.

SECTION - B (25 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 5 = 25)

- 11 a What are the elements of cost?
OR
- b From the following particulars prepare cost sheet:
Direct materials - Rs. 8,000; Direct wages - Rs. 6,000; Direct expenses - Rs. 2,500; Administrative overheads - Rs. 4,000; Factory overheads - Rs. 5,000; Selling and distribution expenses - Rs. 2,5000; Sales- Rs., 40,000.
- 12 a From the following particulars given below, calculate Economic Order Quantity and the number of orders to be placed per year. Total consumption of materials per year 10,000 kgs. Buying cost per order Rs. 50. Unit cost of material Rs. 2 per kg. Carrying and storage cost 8% on average inventory.
OR
- b Calculate the earnings of a worker under the (i) Halsey plan and (ii) Rowan plan
Standard time : 10 hours; Wages rate per hour - Rs. 5
Time taken - 8 hours ; Overhead rate per hour - Rs. 6
- 13 a Mention the bases of apportionment of the following expenses.
(i) Rent (ii) Lighting (iii) Power (iv) Supervision (v) Canteen expenses
(vi) Insurance of stock (vii) Repairs of plant (viii) Time keeping
(ix) Insurance of plant and machinery (x) Indirect wages.
OR
- b Calculate the machine hour rate for Machine - A :

Cost of machine	- Rs. 16,000
Estimated scrap value	- Rs. 1,000
Effective working life	- 10,000 hours
Running hours for a 4 weekly period	- 160 hours
Average repairs and maintenance for a 4 weekly period	- Rs. 120
Standing charges allocated to machine A for a 4 weekly period	- Rs. 40
Power : 4 units per hour at a cost of 25 paise per hour.	
- 14 a From the following details find out
(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
OR

Calculate the trend percentages from the following figures of Priva entequis

Year	Sales (Rs. in lakhs)	Stock (Rs. in lakhs)	Profit before tax (Rs. in lakhs)
2005	1,881	709	321
2006	2,340	781	435
2007	2,655	816	458
2008	3,021	944	527
2009	3,768	1,154	600

From the following information relating to Bright Ltd., calculate funds lost in operate

Net loss for the year	-	Rs. 90,000
Dividend received	-	Rs. 7,000
Depreciation charges	-	Rs. 10,000
Profit on sale of assets	-	Rs. 5,000
Refund of tax	-	Rs. 2,000

OR

From the following Balance Sheets of Arvind Ltd., you are require; prepare a cash flow statement :

Liabilities	2009 (Rs.)	2010 (Rs.)	Assets	2009 (Rs.)	2010 (Rs.)
Share capital	4,00,000	5,00,000	Cash	4,00,000	4,00,000
Creditors	1,40,000	90,000	Debtors	2,40,000	2,40,000
P & L a/c	20,000	46,000	Stock	2,40,000	2,40,000
				2,40,000	2,40,000
	5,60,000	6,36,000			

SECTION - C (30 Marks)

Answer any THREE Questions

All Questions Carry EQUAL Marks (3 x 10 = 30)

16 From the following figures, prepare a reconciliation statement. Rs.

Net profit as per financial records	1,28,775
Net profit as per costing records	1,72,400
Works overhead under recovered in costing	3,100
Administration overhead recovered in excess	1,700
Depreciation in cost accounts	12,500
Depreciation in financial accounts	11,200
Interest on investment not included in costing	8,000
Obsolescence loss charges in financial accounts	5,700
Income tax debited in financial a/c	40,310
Bank interest credited in financial a/c	750
Store adjustment credited in financial a/c	475
Depreciation of stock charges in financial accounts	6,750

From the following particulars, calculate labour cost for a day of 8 hours :

- Basic wages : Rs. 5 per day
- Dearness allowance : 25 parse for every point over 100 cost of living index. Present cost of living index is 800 points.
- Leave pay : 5% of (a) and (b)
- Employer's contribution to provident fund : 8% of (a) and (b)
- Employer's contribution to state insurance : 5% of (a), (b) and (c)
- No. of working days in a month : 25 days of 8 hours each

- 6 The following is the departmental distribution summary of Ganesh industries ;

Production Departments :

X-Rs. 3,000 ; Y -Rs. 2,000; Z -Rs. 1,000

Service Departments :

A — Rs. 234; B - Rs. 500

The expenses of the service departments are charged out on a percentage basis as shown below :

	X	Y	Z	A	B
Service dept. A : j 20%: 40X 30% j					10%
Service dept. B : 40%. 21% 20% j 20%					-

Prepare a statement shewing the apportionment of service department expenses to production departments by adopting simultaneous equation method.

- 19 Distinguish between Management Accounting and Financial Accounting.

Balance sheets of M/s. Black and White as on 1-1-2009 and 31-12-2009 were as follows					
Liabilities	1-1-2009	31-12-2009	Assets	1-1-2009	31-12-2009
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. White's loan	25,000	—	Debtors	30,000	50,000
Loan from PN Bank	40,000	50,000	Stock	35,000	25,000 ;
Capital	1,25,000	1,55,000	Machinery	80,000	55,000
			Land	40,000	50,000 !
			Building	35,000	60,000 !
	2,30,000	2,44,000		2,30,000	2,47,000

During the year a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. the provision for depreciation against machinery as on 1-1-2009 was Rs. 25,000 and 31-12-2009 - Rs. 40,000. Net profit for the year 2009 amounted to Rs. 45,000. You are required to prepare funds flow statement.

Z-Z-Z

END