

PSG COLLEGE OF ARTS & SCIENCE
(AtJTONOMOUS)

BCom DEGREE EXAMINATION MAY 2017
(Second Semester)

Branch - **COMMERCE WITH COST AND MANAGEMENT ACCOUNTING**

FUNDAMENTALS OF COST & MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10x2 = 20)

- 1 Define Cost Accounting.
- 2 State the meaning of Cost Sheet.
- 3 What is Minimum Stock Level?
- 4 What is Labour turnover?
- 5 State the meaning of the term "Absorption".
- 6 Define Apportionment.
- 7 Define Management Accounting.
- 8 What do you understand Ratio Analysis?
- 9 State the meaning of Cash Flow Statement.
- 10 What is Net Working Capital?

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5x5 = 25)

- 11 a 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

OR

- b Explain the causes for differences between profit as per Cost Account and Financial Accounts.
- 12 a From the following, calculate E.O.R
Annual consumption: 10,000kg.
Ordering cost : Rs. 10 per kg.
carrying cost : 20%

OR

b From the following particulars supplied by the personal department of a firm, calculate labour turnover by using separation, Replacement and flux method.

Total number of employees at the beginning of the month	2,010
Number of employees who are recruited during the month	30
Number of employees who left during the month	50
Total number of employees at the end of he month	1,990

Cont...

- 13 a Amit company has five departments P,N,R,S are producing departments, and T is a service department. T is a service department. The actual costs for a period are as follows:

	Rs.
Repairs	2,000
Rent	2,500
Depreciation	1,200
Supervision	4,000
Insurance	1,500
Employer's liability of employees' insurance	600
Light	1,800

The following data are also available in respect of the five departments:

	Dept P	Dept N	Dept R	Dept S	Dept T
Area Sq.ft.	140	120	110	90	40
No. of workers	25	20	10	10	5
Total wages	Rs. 10,000	Rs.8,000	Rs. 5,000	Rs. 5,000	Rs.2,000
Value of plant	Rs.20,000	Rs. 18,000	Rs. 16,000	Rs. 10,000	Rs.6,000
Value of stock	Rs. 15,000	Rs. 10,000	Rs.5,000	Rs.2,000	

Apportion the costs to the various departments of the equitable basis.

OR

- b Calculate the machine-hour rate for Machine A from the following data:

Cost of the machine	Rs. 16,000
Estimated scrap value	Rs. 1,000
Effective Working life	10,000 hours
Running time per hour weekly period	16 hours
Average cost of repairs and maintenance charges per four weekly period	Rs. 120
Standing charges allocated to Machine A per four weekly period	Rs.40
Power used by the machine	4 units per hour at a cost of 5 paise per hour.

- 14 a The following are the income statements of XYZ Co. Ltd. For the years 2008 and 2009.

Prepare common size income statement for the two years.

Trading and Profit and Loss Account

Particulars	2008 Rs.	2009 Rs.	Particulars	2008 Rs.	2009 Rs.
To cost of sales	2,400,000	3,50,000	By Sales	4,00,000	5,00,000
To Gross profit c/d	1,60,000	1,50,000			
	<u>4,00,000</u>	<u>5,00,000</u>		<u>4,00,000</u>	<u>5,00,000</u>
To Operating Expenses	25,000	30,000	By Gross profit b/d	1,60,000	1,50,000
Administration	15,000	20,000	By interest on Investments	20,000	50,000
Selling Distribution	10,000	10,000			
To non-operating Expenses	20,000	20,000			
Finance	10,000				
Goodwill written off					
To Net profit	1,00,000	1,20,000			
	<u>1,80,000</u>	<u>2,00,000</u>		<u>1,80,000</u>	<u>2,00,000</u>

OR

- b You are given the following information:

	Rs.
Cash	18,000
Debtors	1.42.000
Closing stock	1.80.000

Cont...

14 Cont...

Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

Calculate (a) Current ratio; (b) Liquidity ratio; (c) Absolute liquidity ratio.

- 15 a From the following particulars, calculate funds from operations: salaries Rs. 40,000; depreciation Rs. 20,000; interest on investments Rs. 10,000; profit on sale of fixed assets Rs. 5,000; provision for tax Rs. 30,000; loss on sale of machinery Rs. 5,000; interim dividend paid Rs. 20,000; proposed dividend Rs. 30,000; administrative expenses Rs. 25,000; goodwill written off Rs. 10,000; preliminary expenses written off Rs. 5,000; opening balance of profit and loss account Rs. 70,000; closing balance of profit and loss account Rs. 1,20,000.

OR

- b After taking into account the under mentioned items, Jain Ltd made a net profit of Rs. 1,00,000 for the year ended 31st Dec. 2009.

	Rs.
Loss on sale of machinery	10,000
Depreciation on building	4,000
Deprecation in machinery	5,000
Preliminary expenses written off	5,000
Provision for taxation	10,000
Goodwill written off	5,000
Gain on sale of buildings	8,000

Find out cash from operations.

SECTION - C (30 Marks!)

Answer any THREE Questions

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

- 16 From the following particulars, prepare a statement showing the components of the total sales and the profit for the year ended 31st December.

	Rs.
Stock of finished goods (1 st Jan.)	6,000
Stock of raw materials (1 st Jan.)	40,000
Work-in-progress (1 st Jan)	15,000
Purchase of raw materials	4,75,000
Carriage inwards	12,500
Factory rent, taxes	7,250
Other production expenses	43,000
Stock of goods (31 st Dec.)	15,000
Wages	1,75,000
Works manager's salary	30,000
Factory employee's salary	60,000
Power expenses	9,500
General expenses	32,500
Sales for the year	8,60,000
Stock of raw materials	50,000
Work-in-progress (31 st Dec.)	10,000

- 17 In a factory three components P, Q, R are used as follows:

Normal usage	900 units per week each
Maximum usage	1,350 units per week each
Minimum usage	450 units per week each
Reorder quantity	P - 7,200; Q - 9,000; R - 10,800
Reorder period	P - 2-4 weeks; Q - 4-6 weeks R - 3-5 weeks

17 Cont...

Calculate for each components:

- a Reorder level
- b Minimum level
- c Maximum level
- d Average stock level.

18 Compute the machine hour rate from the following data:

- i) Total machine cost to be depreciated Rs. 2,30,000
- ii) Life 10 years
- iii) Depreciation on straight line
- iv) Departmental overheads (annual)
 - Rent Rs. 50,000
 - Head and light Rs. 20,000
 - Supervision Rs. 1,30,000
- v) Departmental area 70,000 sq. feet
- vi) Machine area 2,500 sq. feet
26 Machines in the department
- vii) Annual cost of reserve equipment for the machines Rs. 1,500
- viii) Hours run on production
- ix) Hours for setting & adjusting 1,800
- x) Power cost Rs. 0.50 per hour of running time
- xi) Labour : a) When setting & adjusting, full time attention;
b) When machine is producing, one man can look after three machines.
- xii) Labour rate Rs. 6 per hour.

19 Profit and loss account of X Ltd., is given below:

Profit and loss account

	Rs.		Rs.
To Opening Stock	2,00,000	By Sales	16,00,000
To Purchases	12,00,000	By Closing stock	3,20,000
To Administration expenses	1,20,000	By Dividend	4,000
To Selling expenses	80,000		
To Financial expenses	40,000		
To Loss on sale of assets	5,000		
To Net profit	2,79,000		
	19,24,000		19,24,000

Calculate the profitability ratios.

20 From the following balance sheets of Apple Ltd on 31st December 2008 and 2009 you are required to prepare funds flow statement.

Liabilities	Balance sheets		Assets	2008		2009	
	2008	2009		2008	2009		
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000		
General reserve	14,000	18,000	Building	40,000	36,000		
Profit & loss A/c	16,000	13,000	Plant	37,000	36,000		
Sundry creditors	8,000	5,400	Investment	10,000	11,000		
Bills payable	1,200	800	Stock	30,000	23,400		
Provision for taxation	16,000	18,000	Bills receivable	2,000	3,200		
Provision for doubtful debt	400	600	Debtors	18,000	19,000		
			Cash	6,600	15,200		
	1,55,600	1,55,800		1,55,600	1,55,800		

The following additional information has also been given:

1. Depreciation charged on plant was Rs. 4,000 and on building Rs. 4,000
2. Provision for taxation of Rs. 19,000 was made during 2009
3. Interim dividend of Rs. 8,000 was paid during 2009.

Z-Z-Z

END