

Branch - COMMERCE (COST AND MANAGEMENT ACCOUNTING)

FUNDMENTALS OF COST & MANAGEMENT ACCOUNTING

Time ; Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 2 = 20)

- What is Costing?
2 State the meaning of Works Cost.
3 What is Recorder Level?
4 State the meaning of Scrap.
5 Define Machine - Hour rate.
6 Define Allocation.
7 What is Management Accounting?
8 Define Funds Flow Statement.
9 What are financial statements?
10 What is Cash Flow Statement?

SECTION - B (25 Marks)

Answer ALL Questions

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

- 11 a The following data relate to the manufacture of a product during the month of January :
- Raw materials consumed Rs. 80,000
 - Direct wages Rs. 48,000
 - Machine hours worked 8,000
 - Machine Hour rate Rs. 4
 - Office overhead 105 on works cost
 - Selling overhead Rs. 1.50 per unit
 - Unit produced 4,000
 - Units sold 3,600 at Rs. 50 each
- Prepare a cost sheet and show (i) Cost per unit (ii) profit for the period.
OR
- b State the differences between Financial Accounting and Cost Accounting.
- 12 a Two companies X and Y are used as follows :
- | | |
|-------------------|------------------------------------|
| Normal usage | 50 units each per week |
| Minimum wage | 25 units each per week |
| Maximum usage | 75 units each per week |
| Recorder quantity | X : 400 units, Y : 600 units |
| Recorder period | X : 4 to 6 weeks, Y : 2 to 4 weeks |

Calculate for each components : (i) the reorder level (ii) the minimum level (iii) the maximum level and (iv) the average level.

OR

The personal department of a concern gives you the following information in respect of labour :

No. of employees on 1st Jan 1800

No. of employees on 31st Jan 2200

During the month 20 persons quit and 80 persons are terminated. 300 workers are needed, of these, 50 workers are recruited in the vacancies and the rest were engaged in the expansion scheme. Calculate the Labour Turnover.

13 a State the Principle of Apportionment.

OR

b Calculate the machine hour rate for the month of January to cover the overhead expenses given below relating to a machine : Rs.

1. Rent of department (1 /5 th area is occupied bythe machine) 780 p.a	
2. Lighting (out of 12 points, 2 are for this machine)	288p.a
3. Insurance	36p.a
4. Cotton waste etc	60p.a
5. Foreman's salary (half for this machine)	12,000p.a
6. Cost of machine	9,200
7. Scrap	200

It is assumed that the machine will work for 1,800 hours per annum and that it will incur Rs. 1,125 for repairs and maintenance for life. It is further assumed that 5 units of power would be used per hour, available at 6 paise per unit, and that the life of the machine will be 10 years.

14 a The following are the income statements of Jeevan Ltd., for the year ending 31st December 2009 and 2008. You are required to prepare a comparative income statement for the two years i

	31-12-2008 (Rs.)	31-12-2009 (Rs.)
Net sales	10,00,000	12,00,000
Cost of good sold	5,50,000	6,05,000
Operating expenses :		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-operating expenses :		
Interest	40,000	50,000
Income tax	50,000	80,000

OR

b From the following details you are required to ascertain net profit and calculate net profit ratio ;

	Rs
Sales	5,40,000
Sales returns	40,000
Gross profit	3,00,000
Income from investments	40,000
Loss on sale of plant	30,000
Operating expenses	1,20,000
Provision for tax	50,000

15 a From the following prepare a statement showing changes in working capital during 2009 :

Balance Sheets of Sree Ganesh Ltd., as on 31st December

Liabilities	2008	2009	Assets	2008 (Rs.)	2009 (Rs.)
	(Rs.)	(Rs.)			
Share capital	6,00,000	6,00,000	Fixed Assets	10,00,000	11,20,000
Reserves	50,000	1,80,000	Less : Depreciation	3,70,000	4,60,000
P & L Account	40,000	65,000	f	6,30,000	6,60,000
Debentures	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for goods	1,70,000	1,60,000	Book debts	2,50,000	2,30,000
Provision for Income tax	60,000	80,000	Cash in hand and at bank	80,000	60,000
			Preliminary expenses	20,000	15,000
	12,20,000	13,35,000		12,20,000	13,35,000

OR

- 15 b From the following Profit and Loss Account, you are required to compute cash from operations :

Profit and Loss A/c for the year ending 30th June 2010

	Rs.		Rs.
To Salaries	5,00,000	By Gross Profit	25,000
To Rent	1,000	By Profit on sale of land	5,000
To Depreciation	2,000	By Income tax refund	3,000
To Loss on sale of plant	1,000		
To Goodwill written off	4,000		
To proposed dividend	5,000		
To provision for taxation	5,000		
To net profit	10,000		
	33,000		33,000

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

- 16 The Directors of a Manufacturing business requires a statement showing the production results of the business for the month of March, the accounts reveal the following information :

	Rs.
Stock on hand 1 st March :	
Raw materials	25,000
Finished Goods	17,360
Stock on hand 31 st March :	
Raw materials	26,250
Finished goods	15,750
Purchase of Raw materials	21,900
Work-in-progress 1 st March	8,220
Work-in-progress 31 st March	9,100
Sale of finished goods	72,310
Direct wages	17,150
Non-productive wages	830
Works expenses	8,340
Office and Administrative expenses	3,160
Selling and distribution expenses	4,210

You are required to construct a statement so as to show :

1. The value of materials consumed
 2. The total cost of production
 3. The cost of goods sold
 4. The net profit for the month
- 17 Two materials X and Y are used as follows :
- Minimum usage : 50 units per week each
Maximum usage : 150 units per week each
Normal usage : 10 units per week each
Ordering quantities : X - 600 units and Y - 1000 units
Delivery period : X - 4 to 6 weeks , Y - 2 to 4 weeks
Calculate for each material :
- (i) Minimum level (ii) Maximum level and (iii) Ordering level

18 The following expenses have been incurred in respect of a shop having four identical machines :

Rent and rates	Rs. 6,000 p.a
Power consumed by the shop @ 10 paise per unit	Rs. 4,800 p.a
Repairs	Rs. 1000 p.a
Lighting for the shop	Rs. 800 p.a
Shop supervisor's salary	Rs. 600 p.m
Lubricants etc.	Rs. 100 p.m
Depreciation per machine	Rs. 600 p.a
Hire purchase instalment (including interest of Rs. 300)	Rs. 800

There are two attendants in the shop each getting Rs. 60 per month. Each machine consumes 10 units of power pr hour. Calculate the Machine-hour rate.

19 From the following particulars pertaining to assets and liabilities of a company calculate (i) Current Ratio (ii) Liquid ratio (iii) Proprietor ratio (iv) Debt-Equity ratio (v) Capital Gearing Ratio

Liabilities	Rs	Assets	Rs.
5,000 equity shares of Rs. 100 each	5,00,000	Land and buildings	6,00,000
2,000, 8% preference shares of Rs. 100 each	2,00,000	Plant and Machinery	5,00,000
4,000 9% Debentures of Rs. 100 each	4,00,000	Stock	2,40,000
Reserves	3,00,000	Debtors	2,00,000
Creditors	1,50,000	Cash and bank	55,000
Bank overdraft	50,000	Prepaid expenses	5,000
	<u>16,00,000</u>		<u>16,00,000</u>

20 The balance sheets of Royal Ltd are given below:

	2007	2008		2007	2008
	Rs.	Rs.		Rs.	Rs.
Share capital	1,00,000	1,60,000	Fixed assets (at cost)	1,52,000	2,00,000
Retained earnings	70,250	85,300	Inventory	93,400	89,200
Accumulated depreciation	60,000	40,000	Debtors	30,800	21,100
12% debentures	50,000	-	Prepaid expenses	3,950	3,000
Creditors	28,000	48,000	Bank	28,100	20,000
	<u>3,08,250</u>	<u>3,33,300</u>		<u>3,08,250</u>	<u>3,33,300</u>

Additional information:

1. Net profit during the year was Rs. 27,250
2. Deprecation charged Rs. 10,000
3. Cash dividend declared during the year Rs. 12,000
4. An addition to building was made during the year at a cost of Rs. 78,000; a fully depreciated equipment costing Rs. 30,000 was discarded and no salvage value was realized.

Prepare a cash flow statement.

Z-Z-Z

END