

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2023  
(Second Semester)

Branch – COMMERCE (COST AND MANAGEMENT ACCOUNTING)

**FUNDAMENTALS OF COST AND MANAGEMENT ACCOUNTING**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Operating cost is suitable for
  - i) Job order business
  - ii) Contractors
  - iii) Sugar Industry
  - iv) Service Industries
2. Material requisition is meant for
  - i) Purchase material
  - ii) Supply of material from store
  - iii) Sale of material
  - iv) None of the above
3. 'Recreation' expenses may be apportioned in the ratio of
  - i) Material cost
  - ii) Wages
  - iii) Prime cost
  - iv) Number of employees
4. Trend analysis is significant for
  - i) Profit planning
  - ii) Working capital management
  - iii) Forecasting and Budgeting
  - iv) Capital rationing
5. Dividend paid is usually treated as
  - i) An application of fund
  - ii) Loss
  - iii) Sources of fund
  - iv) Gain

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 (a) Describe the 'classification of cost'
- OR
- (b) From the following information you are asked to prepare a cost sheet and to ascertain cost and

profit per unit with the help of the following data:

Units produced 1,200 units

Selling price per unit Rs. 6

Sales revenue Rs. 7,200

**Cost of production:**

Material Rs. 1,320

Wages Rs. 750

Manufacturing expenses 40 paise per rupee of labour cost.

Administration expenses 10% of work cost. It has been found from the record that the selling and distribution expenses amounted 7.5% on sales.

Cont...

- 7 (a) XY Ltd. Purchase and issued the material in the following order:

1985 March

1	Purchased	300 units at Rs. 3 per unit
5	Purchased	500 units at Rs. 4 per unit
10	Issued	500 units
12	purchased	700 units at Rs. 4.50 per unit
15	Issued	700 units
20	Purchased	300 units at Rs. 5 per unit
30	Issued	150 units

Ascertain the quantity of closing stock as on 31<sup>st</sup> March and state its value under "weighted average cost" methods.

OR

- (b) The following are the particulars applicable to a work process:

Time rate Rs. 5 per hour

High task 40 units per week

Piece rate above high task Rs. 6.5 per unit

In a 40 hour week, the production of the workers was as follows:

A 35 units B 40 units C 41 units D 52 units

Calculate the wages of the worker under Gantt's task bonus plan

- 8 (a) The following details are available for the month of May 2010 relating two service department 'A' and 'B' and production department R and S

Amount	Apportionment basis			
	Rs.	B	R	S
A	20,000	25%	40%	35%
B	15,000		40%	60%
R	30,000			
S	32,000			

Prepare a summary of overhead distribution under the step ladder method.

OR

- (b) During 2020, Ganesh Ltd spent Rs.1,00,000 on indirect expenses and produced 25,000 units of its only product. There were no inventories. The company has decide to absorb the indirect expenditure on the basic of its output. Determine the overhead absorption rate.

- 9 (a) Calculate Stock turnover ratio from the following information:

Sales	Rs.10,00,000
Gross profit ratio	20%
Stock at the beginning	Rs.1,75,000
Stock at the end	Rs.1,45,000

OR

- (b) Prepare a comparative income statement of Vasanth Ltd, for the year ending 31<sup>st</sup> March 2016 and 2017 from the following

	2016 31st March Rs	2017 31st March Rs
Purchase less return	1,00,000	1,50,000
Other direct expenses	30,000	50,000
Sales	2,00,000	3,00,000
Office expenses	25,000	40,000
Selling expenses	20,000	20,000
Finance expenses	10,000	15,000
Profit	15,000	25,000

- 10 (a) From the following balances you are required to Calculate Cash From Operation.

	31.12.2020	31.12.2021
	Rs	Rs
Debtors	60,000	50,000
Bills receivable	20,000	30,000
Creditors	15,000	20,000
Bills payable	10,000	5,000
Outstanding expenses	1,000	1,500
Prepaid expenses	2,000	1,000
Accrued income	1,000	1,500
Income received in advance	500	1,000
Profit during the year		2,00,000

OR

- (b) From the following details prepare a schedule of changes in working capital

Particular	31.12.2020	31.12.2021
	Rs	Rs
Bank Loan ( short period)	70,000	
Creditors	1,50,000	1,35,200
Bank		8,000
Cash	500	600
Debtors	80,000	64,200
Stock	1,00,000	74,000
Share Capital	2,00,000	2,50,000
General Reserve	50,000	60,000
P&L Account	30,500	30,600
Building	2,00,000	1,90,000

**SECTION -C (30 Marks)**

Answer any **Three** questions

**ALL** questions carry **EQUAL** Marks

(3 x 10 = 30)

- 11 The accounts of a machine manufacturing company disclose the following information for six month ending 31<sup>st</sup> Dec. 1993.
- |                                    |          |
|------------------------------------|----------|
|                                    | Rs.      |
| Material                           | 1,50,000 |
| Productive wages                   | 1,20,000 |
| Factory overhead expenses          | 24,000   |
| Establishment and general expenses | 17,640   |
- Prepare a cost sheet of the machine and calculate the price which the company should quote for the manufacturing of a machine requiring material valued at Rs.1,250 and expenditure in productive wages of Rs. 750, so that the price may yield a profit of 20% on the selling price.
- 12 The following information is available in respect of component D.20
- |                            |                       |
|----------------------------|-----------------------|
| Maximum stock level        | : 8,400 units         |
| Budgeted consumption       | :                     |
| Maximum                    | 1,500 units per month |
| Minimum                    | 800 units per month   |
| Estimated delivery period: |                       |
| Maximum                    | 4 months              |
| Minimum                    | 2 months              |
- You are require to calculate:
- Reorder level
  - Reorder quantity

Cont...

- 13 A factory is having three production departments A, B and C and two service department, boiler-house and pump-room. The boiler-house has to depend upon the pump-room for supply of water and pump-room in its turn is dependent on the boiler-house for supply of steam power for driving the pump. The expenses incurred by the production department during the period are :

A- Rs. 8,00,000; B – Rs.7,00,000; C - Rs. 5,00,000;

The expenses for boiler-house are Rs. 2,34,000

and the pump-room are Rs. 3,00,000. The expenses of the boiler-house and pump-room are to be apportioned on the following basic:

	A	B	C	B.H	P.R
Expenses of boiler-house	20%	40%	30%	-	10%
Expenses of pump-room	40%	20%	20%	20%	-

Show clearly as to how the expenses of boiler-house and pump-room would be apportioned to A, B and C departments. Use Repeated Distribution method.

- 14 Assume that a firm has owner equity of Rs. 1,00,000. The ratio of the firm are:

Current debt to total debt	- 0.40
Total debt to owners equity	- 0.60
Fixed assets to owners equity	- 0.60
Total assets turnover	- 2 times
Inventory turnover	- 8 times

Prepare the following Balance sheet, from the information given above:

Liability		Rs	Assets		Rs
Current debt	-		Cash	-	
Long - term debt	-		Inventory	-	
Total debt	-		Total Current Assets		-
Owner's equity	-		Fixed assets		-
Total Equity			Total Assets		

- 15 The comparative Balance sheet of Mr.Prabhu for the two years as follows :

Liabilities	2008 Rs	2009 Rs	Assets	2008 Rs	2009 Rs
Capital	3,00,000	3,50,000	Land	2,20,000	
Loan from bank	3,20,000	2,00,000	Machinery	4,00,000	3,00,000
Creditors	1,80,000	2,00,000	Stock	1,00,000	90,000
Bills Payable	1,00,000	80,000	Debtors	1,40,000	1,60,000
Loan From TIIC		50,000	Cash	40,000	50,000
	9,00,000	8,80,000		9,00,000	8,80,000

Additional Information:

Net Profit for the year 2009 amounted to Rs.1,20,000. During the year a machine costing Rs.50,000 ( accumulate depreciation Rs.20,000 ) was sold for Rs.26,000. The provision for depreciation against machinery as on 31.12.2008 was Rs.1,00,000 and on 31.12.2009 Rs.1,70,000. You are require to prepare Cash Flow Statement.