

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024
(Fourth Semester)

Branch – COMMERCE (BUSINESS ANALYTICS)

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 Costing refers to the techniques and process of _____ of cost.
(i) Ascertainment (ii) Allocation
(iii) Apportion (iv) Distribution
- 2 Average price methods are more suitable when material prices are _____.
(i) Rising (ii) Falling (iii) Fluctuating (iv) Constant
- 3 Recreation Expenses in factory are apportioned on the basis of _____.
(i) Material Cost (ii) Wages
(iii) Prime Cost (iv) Number of Employees
- 4 Which of the following is a non-current asset?
(i) Goodwill (ii) Cash Balance
(iii) Bills Receivable (iv) Drafts and Cheque in Hand
- 5 Budgetary control system acts as a friend, philosopher and guide to the _____.
(i) Management (ii) Shareholder (iii) Creditor (iv) Employees

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Classify the methods of costing.
OR
b State the objectives of management accounting.
- 7 a Calculate economic ordering quantity and number of orders to be placed in each year from the following information:
Annual usage : Rs. 1,20,000
Cost of placing and receiving one order : Rs. 60
Annual carrying cost : 10 % of inventory value.
OR
b Reveal the causes for labour turnover in an organization.
- 8 a In a light engineering factory, the following particulars have been collected for the three months period ended on 31st March 2024. You are required to reapportion the service departments expenses to production departments.

Apportion the expenses of service department S2 in proportion of 3:3:4 and those of service department S1 in the ratio of 3:1:1 to departments P1, P2 and P3 respectively.

	Production Department			Service Department	
	P1	P2	P3	S1	S2
Expenses as per Primary Distribution Summary	8,850	7,165	6,285	4,515	6,010

OR

- b From the following information compute the machine hour rate:
Cost of the machine Rs. 11,000
Scrap value Rs. 680
Repairs for the effective working life Rs. 1,500
Standing charges for 4 weekly period Rs. 40
Effective working life 10,000 hours
Power used 6 units per hour at 5 paise per unit
Hours worked in 4 weekly period 120 hours.

Cont....

- 9 a From the following Profit and Loss Account, compute the funds from operations:

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Salaries	5000	By Gross Profit b/d	1000
To Rent	2000	By Rent	5000
To Depreciation	1000	By Interest on Investment	4000
To Preliminary Expenses	2000	By Net Loss	5000
To Loss on Sale of Land	5000		
	15000		15000

OR

- b From the following information you are required to calculate the net profit and cash from operations:

Particulars	Rs.
Opening Stock	10,000
Purchases	30,000
Sales	50,000
Closing Stock	15,000
Expenses	10,000

- 10 a "Budgetary control has become an essential tool of management for controlling costs and maximizing profits" – Justify.

OR

- b The sales director of Varshini & Co. Pvt. Ltd. reports that next year he expects to sell 50,000 units of a particular product.

The production manager consults the store keeper and casts his figures as follows:

Two kinds of materials, A and B are required for manufacturing the product. Each unit of the product requires 2 units of A and 3 units of B. the estimated opening balance at the commencement of the next year are:

Finished Product : 10,000 Units

Raw Materials : A : 12,000 Units ; B : 15,000 Units

The desirable closing balances at the end of the next year:

Finished Product : 14,000 Units

Raw Materials : A : 13,000 Units ; B : 16,000 Units

Draw up a quantitative chart showing materials purchase budget for the next year.

SECTION -C (30 Marks)Answer any **Three** questionsALL questions carry **EQUAL** Marks

(3 x 10 = 30)

- 11 GVA Manufacturing company submits the following information on 31.03.2024:

Particulars	Rs.
Sales for the year	2,75,000
Inventories at the beginning of the year-	
- Raw Materials	3,000
- Work in Progress	4,000
- Finished Goods	1,10,000
Purchase of materials	65,000
Direct Labour	6,000
Inventories at the end of the year -	
- Raw Materials	4,000
- Work in Progress	6,000
- Finished Goods	8,000
Other expenses for the year –	
Selling expenses	27,500
Administrative expenses	13,000
Factory overheads	40,000

Prepare Statement of cost

Cont...

- 12 Calculate the earnings of three workers A, B and C under Merricks's Multiple Piece Rate System from the following particulars:

Standard Production Per day	150 Units
Normal Piece Rate	Re. 0.50 Per Unit
Production of Workers on a particular day:	
A	120 Units
B	140 Units
C	160 Units

- 13 What is overhead? Classify it.

- 14 Following is the balance sheet of GA ENTERPRISE:

Balance Sheet as on 31st March

	2022	2023
Liabilities	Rs.	Rs.
Share Capital	2,00,000	2,50,000
General Reserve	50,000	60,000
Profit and Loss	30,500	30,600
Bank Loan (long-term)	70,000	-
Sundry Creditors	1,50,000	1,35,200
Provision for Taxation	30,000	35,000
Total	5,30,500	5,10,800
Assets		
Land and Building	2,00,000	1,90,000
Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry Debtors	80,000	64,200
Cash	500	600
Bank	-	8,000
Goodwill	-	5,000
Total	5,30,500	5,10,800

Additional Information: During the year ended 31st December, 2023

- Dividend of Rs.23,000 was paid
- Assets of another company were purchased for a consideration of Rs.50,000 payable in shares. The assets include stock Rs.20,000, machinery Rs.25,000
- Machinery was further purchased for Rs.8000
- Depreciation written off on machinery Rs.12,000
- Income tax provided during the year Rs.33,000
- Machinery worth Rs.2000 was sold for Rs.1800. Loss on sale of machinery Rs.200 was transferred to general reserve.

Prepare the schedule of changes in working capital and funds flow statement.

- 15 The expenses for the budgeted production of 10,000 units in a factory are given below:

	Per unit
Direct materials	70
Direct labour	25
Variable overhead	20
Fixed overhead (1,00,000)	10
Variable expenses (direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administrative expenses (Rs 50,000)	5
Total cost per unit	155

Prepare flexible budget for production of 8,000 units and 6,000 units.