

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION DECEMBER 2019
(Third Semester)**

Branch - **COMMERCE (PROFESSIONAL ACCOUNTING)**

COST AND MANAGEMENT ACCOUNTING - I

Time : Three Hours

Maximum : 75 Marks

SECTION-A (10 Marks!)

Answer ALL questions

ALL questions carry EQUAL marks (5 x 2 = 10)

- 1 Define Cost Accounting.
- 2 What is ABC analysis?
- 3 What is Piece Rate System?
- 4 Define the term 'Factory Overheads'.
- 5 What is meant by Job Costing?

SECTION -B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 7 = 35)

- 6 a What are the objectives of Cost Accounting?

OR

- b You are required to compile a statement showing cost and profit from the information given, showing clearly:

a) Material Consumed	b) Prime Cost	c) Work Cost
d) Cost of Production	e) Cost of Sales	f) Profit
Material Purchased	Rs.2,00,000	g) Sales.
Wages	Rs. 1,00,000	
Direct Expenses	Rs.20,000	
Opening Stock of Material	Rs.40,000	
Closing Stock of Material	Rs.60,000	

- 7 a Describe the various techniques of Inventory Control.

OR

- b Compute the various stock level from the following data:

Maximum consumptions in a month - 300 units

Minimum usage in a month - 200 units

Average usage in a month - 225 units

Time - lag for procurement of materials:

Maximum 6 months

Minimum 2 months

Reorder Quantity 750 units

- 8 a Discuss the causes and effects of Employee Turnover.

OR

- b From the following information calculate the labour turnover rate:

No. of workers at the beginning of the period: 3800

No. of workers at the end of the period: 4200

During the year 40 workers left while 160 workers are discharged. 600 workers are recruited during the year: of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

9 a The following details pertain to the production departments of a factory.

Material consumed	Rs.60,000
Direct Wages	Rs.40,000
Machine Hours	Rs.50,000
Labour hours worked	Rs.25,000

Calculate overhead absorption rates under different possible methods from the above detail.

OR

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

Cost of Machine	Rs. 16,000
Estimated Scarp Value	Rs. 1,000
Effective Working Life	10,000 hours
Running time per 4 weekly period	160 hours
Average cost of repairs and maintenance per 4 weekly periods	Rs.120
Standing charges allocated to machine A per 4 weekly period	Rs.40
Power used by the machine	4 units per hour at a cost of 5 paise per unit

10 a What are the procedures for Job Costing?

OR

b From the following information relating to the manufacturing of a product in a cost centre, prepare a cost sheet showing both production and setting up costs, total and per unit, when the batch consists of 200 units:

Cost of materials 12 paise per unit

Operator's wages Rs.1.44 an hour

Machine hour rate Rs.3.00

Setting up of the machine 4 hours and 40 minutes manufacturing time 20 minutes per unit.

PART-C (30 Marks)

Answer any THREE questions

ALL questions carry EQUAL Marks (3 x 10 = 30)

11 Difference between Cost Accounting and Management Accounting.

12 A truck load of materials of different grade was purchased for Rs.2,25,000. Materials are sorted into the following grade whose market price is shown

	Units	Selling price per unit Rs.
Grade I	25,000	6.00
Grade II	15,000	5.00
Grade III	10,000	2.50

Find out the purchase rate per unit of each grade of the material assuming that all the grades yield same rate of profit.

13 Calculate the earnings of workers X and Y under (A) Straight piece rate system (B) Taylor's differentials piece rate system from the following details:

Standard time per unit =12 minutes

Standard rate per hour = Rs.60

Differentials to be used 80% and 120%

In a particuluyar day of 8 hours, worker X produced 30 units and worker Y

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- 14 Krishna producing concern is divided into four departments. A, B, C are production departments and D is a service department. The actual expenses for a period are as follows:

Rent	Rs. 10,000
Repairs to Plant	Rs.6,000
Depreciation of Plant	Rs.4,500
Lighting Expenses	Rs. 1,000
Supervisory Expenses	Rs. 15,000
Fire Insurance (on stock)	Rs.5,000
Power	Rs.9,000
Employer's liability for insurance	Rs. 1,500

	Departments			
	A	B	C	D
Area (Sq.feet)	1,500	1,100	900	500
Number of lights	75	11	9	5
Number of employees	200	150	100	50
Total Wages (Rs.)	60,000	40,000	30,000	20,000
Value of Plant (Rs.)	24,000	1,80,000	1,20,000	60,000
Value of Stock (Rs.)	1,50,000	90,000	60,000	

Apportion the cost to the various departments on the most equitable method

- 15 From the following figures prepare a reconciliation statement between cost and financial records.

	Rs.
Net Profit as per financial records	1,28,755
Net profit as per costing records	1,72,400
Works overhead under-recovered in costing	3,120
Administrative overhead recovered in excess	1,700
Depreciation charged in financial records	11,200
Depreciation recovered in costing	12,500
Interest received but not included in costing	8,000
Obsolescence loss charged in financial records	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Stores adjustments (credit in financial books)	475
Depreciation of stock charged in financial books	6,750

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END