

2018

COMMERCE (General)

**COST ACCOUNTING AND MANAGEMENT
ACCOUNTING**

Paper : 3G1

(Revised New Syllabus)

Time : 3 hours
Full Marks : 100

The figures in the margin indicate full marks.

(COST ACCOUNTING)

(Marks : 50)

GROUP—A

15×2=30

Answer any **two** questions :

1. What is labour turnover? What are the causes of labour turnover? State different methods of labour turnover.
3+6+6=15
2. (a) The stock of material A as on 1st February, 2016 is 500 units at ₹ 10 per unit. The base stock is 200 units.

(Turn Over)

The following purchases and issues of this item were made subsequently :

Date	Receipts quantity (units)	Rate per unit (₹)	Issue Quantity (units)
February 6	—	—	200
" 10	400	11-0	—
" 15	300	12-0	—
" 20	—	—	500
" 21	—	—	200
" 24	500	13-0	—
" 25	—	—	300
" 28	—	—	200

Prepare a Store Ledger Account showing how the value of the above issues should be arrived under the Base Stock Method when it operates in conjunction with LIFO.

- (b) Differentiate between Underabsorption and Overabsorption of overhead. $10+5=15$

3. X Ltd. closes its accounts on 31st December each year. The company commenced work on a contract on 1st January, 2016. The following information relates to the contract as on 31.12.2016 :

Materials issued	₹ 1,25,500
Wages paid	2,82,800
Salary to foreman	40,650

A machine costing ₹ 1,30,000 had been on the site for 146 days. Its working life is

estimated at seven years and its final scrap value at ₹ 7,500. A supervisor, who is paid ₹ 4,000 per month, has devoted half of his time to this contract. Other expenses and administration charges amounted to ₹ 68,250. Materials at site at the end of the year cost ₹ 17,700. The contract price is ₹ 10,00,000. On 31.12.2016, two-third of the contract was completed. The architect had issued certificate of approval covering 50% of the contract price and the contractor had been paid ₹ 3,75,000 on contract.

Prepare the Contract Account and also show the workings for calculation of cost of work uncertified. $12+3=15$

4. (a) Calculate the total wages (normal wages + overtime wages) payable to a workman from the following data :

Days	Hours Worked
Monday	8 hours
Tuesday	10 hours
Wednesday	9 hours
Thursday	11 hours
Friday	9 hours
Saturday	4 hours
Total	51 hours

Normal working hours : 8 hours per day

Normal rate : ₹ 10 per hour

Overtime rate :

Up to 9 hours in a day at single rate and over 9 hours in a day at double rate

Or

Up to 48 hours in a week at single rate and over 48 hours in a week at double rate, whichever is more beneficial to the worker

- (b) Mention few limitations of Cost Accounting. $10+5=15$

GROUP—B

5. Answer any **two** questions : $5 \times 2 = 10$

- (a) A worker takes 6 hours to do a job for which the time allowed is 10 hours. His daily rate is ₹ 20 per hour. Calculate and comment, wages under which method, i.e., (i) Halsey Plan or (ii) Rowan Plan is more beneficial for him.
- (b) Distinguish between Cost Centre and Cost Unit.
- (c) Differentiate between Bin Card and Stores Ledger.
- (d) What are the special features of Job Costing?

GROUP—C

6. Answer any **five** questions : $2 \times 5 = 10$

- (a) What do you mean by notional profit?
- (b) Define Batch Costing.
- (c) What is opportunity cost?
- (d) What is economic order quantity?
- (e) What are indirect materials?
- (f) What do you mean by cost of sales?
- (g) What is danger stock level?
- (h) What is perpetual inventory system?

(MANAGEMENT ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions : 15×2=30

7. (a) From the following particulars presented by XYZ Co. Ltd., prepare a Funds Flow Statement and Statement of Changes in Working Capital :

Balance Sheets				
Liabilities	31.3.2013	31.3.2014	Assets	31.3.2013 31.3.2014
Equity Share Capital	50,000	60,000	Goodwill	8,000
Profit & Loss Account	20,000	30,000	Fixed Assets	5,000
General Reserve	5,000	7,000	Less : Depreciation	
Current Liabilities	10,000	15,000	Current Assets	47,000
	85,000	1,12,000		85,000 1,12,000

Profit and Loss Account
for the year ended 31.3.2014

Dr.	₹	Cr.	₹
To General Reserve	2,000	By Balance b/d	20,000
" Goodwill	3,000	" Trading Profit	27,000
" Depreciation	3,000		
" Dividend	5,000		
" Taxation	4,000		
" Balance c/d	30,000		
	47,000		47,000

- (b) Differentiate between Funds Flow Statement and Cash Flow Statement.

12+3=15

8MRD/41

(Continued)

8. The statement given below gives the flexible budget at 60% capacity. Prepare a tabulated statement giving the budget figures at 75% capacity and 90% capacity. Wherever required make your own classification of expenses between fixed and variable overheads : 15

Expenses	at 60% capacity
Direct materials	1,60,000
Direct labour	40,000
Indirect materials and spares	48,000
Depreciation	60,000
Indirect labour	40,000
Rent	12,000
Insurance on machinery	12,000
Electric power (40% fixed)	8,000
Repairs and maintenance (40% variable)	20,000

9. From the following information presented by Sourav Ltd. for the year ended 31.12.2016, prepare the Balance Sheet : 15

Sales to net worth	5 times
Current liabilities to net worth	50%
Total debts to net worth	60%
Fixed assets to net worth	60%
Current ratio	2 : 1
Sales to stock	10 times
Debtors' velocity	9 times
Annual sales (60% credit)	₹ 15,00,000

10. What do you mean by financial statements? Discuss briefly different methods available for financial statement analysis. 3+12=15

8MRD/41

(Turn Over)

GROUP—B

11. Answer any **two** questions : $5 \times 2 = 10$

- (a) Write a short note on margin of safety.
- (b) What are the objectives of budgetary control?
- (c) Distinguish between Marginal Costing and Absorption Costing.
- (d) Explain the relationship between margin of safety and break-even point.

GROUP—C

12. Answer any **five** questions : $2 \times 5 = 10$

- (a) Define Management Accounting.
- (b) How is earning per share calculated?
- (c) Write the major sources of cash inflows.
- (d) What is networking capital?
- (e) Write two differences between Budgeting and Forecasting.
- (f) What is indicated by the Angle of Incidence?
- (g) Write two limitations of accounting ratios.
- (h) What do you mean by budget centre?

B III (Three Year G)
Under 1+1+1 System

2017

COMMERCE (General)

**COST ACCOUNTING AND MANAGEMENT
ACCOUNTING**

Paper : 3G1

(Revised New Syllabus)

Time : 3 hours
Full Marks : 100

The figures in the margin indicate full marks.

(COST ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions :
15×2=30

1. What is Cost Accounting? State its objectives. How does it differ from Financial Accounting?
3+5+7=15
2. From the following particulars, prepare a cost statement showing (a) Cost of materials consumed, (b) Prime cost, (c) Works cost, (d) Production cost, (e) Cost of sales

(Turn Over)

MR7/36

and profit for the year ended 31st
December, 2016 :

	31.12.2010	31.12.2011
Stock of finished goods	6,000	15,000
Stock of raw materials	40,000	50,000
Work-in-Progress	15,000	10,000
Purchase of raw materials	4,75,000	9,50,000
Carriage inward	12,500	43,000
Wages	1,75,000	32,500
Works manager's salary	30,000	8,60,000
Salary to factory employees	60,000	5,000
Factory rent, taxes and insurance	7,250	1,000
Depreciation on machinery	10,000	5,000
Sales tax	16,000	10,000
Bad debts	5,000	9,250

3. (a) Purchases and issues of materials of ABC Co. Ltd. for the month of March 2016 are given below. Prepare a Stores Ledger under First-in-First-out method :

2016			
March	1	Opening balance	1700 units @ ₹ 10 per unit
"	3	Issued	700 units
"	6	Purchased	400 units @ ₹ 10-50 per unit
"	7	Issued	300 units
"	9	Bought	200 units @ ₹ 10-50 per unit

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(Continued)

2016

March 11	Issued 300 units
" 14	Returned from shade out of issues of 3rd March—20 units
" 16	Issued 500 units
" 17	Purchased 500 units @ ₹ 11 per unit
" 19	Issued 400 units
" 24	Purchased 300 units @ ₹ 12 per unit
" 26	Issued 200 units

A shortage of 10 units was noticed on 31st March.

(b) From the following particulars, calculate—

- (i) reorder level;
- (ii) minimum level;
- (iii) maximum level :

Normal usage—1000 units per day
Minimum usage—600 units per day
Maximum usage—1300 units per day
Reorder quantity—50000 units
Delivery period—24 to 30 days $10+5=15$

4. A machine is purchased for cash at ₹ 92,000. Its working life is estimated to be 18000 hours after which its scrap value is estimated at ₹ 2,000. It is assumed from past experience that:

- (i) The machine will work for 1800 hours annually
- (ii) The repair charges will be ₹ 10,800 during the whole period of life of the machine

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(Turn Over)

- (iii) The power consumption will be 5 units per hour at ₹ 2 per unit
- (iv) Other annual standing charges are estimated to be
- (1) Rent of department (machine occupies $\frac{1}{5}$ th of the place)—₹ 7,800
 - (2) Light (12 points in the department out of which 2 points are engaged in the machine)—₹ 2,880
 - (3) Foreman's salary ($\frac{1}{4}$ th of his time is devoted to the machine)—₹ 60,000
 - (4) Insurance premium for machinery ₹ 360
 - (5) Cotton waste—₹ 600

Find out machine hour rate on the basis of above data for allocation of the works expenses to all jobs for which the machine is used.

15

GROUP—B

5. Answer any **two** questions : $5 \times 2 = 10$

- (a) Calculate Economic Order Quantity (EOQ) from the following information relating to a type of raw material :

Annual demand—2400 units
 Ordering cost—₹ 10 per order
 Storage cost—2% p.a.
 Lead time—Half month
 Unit price of raw material—₹ 2.50
 Interest rate—10% p.a.

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(Continued)

- (b) Distinguish between Halsey Plan and Rowan Plan.
- (c) Write a note on underabsorption and overabsorption of overhead.
- (d) What are the differences between Job Costing and Contract Costing?

GROUP—C

6. Answer any **five** questions : $2 \times 5 = 10$

- (a) Define opportunity cost.
- (b) What is carrying cost?
- (c) Give four examples of administrative overhead.
- (d) What is 'work not certified'?
- (e) What is danger stock level?
- (f) Distinguish between Cost Unit and Cost Centre.
- (g) What do you mean by retention money?
- (h) How do you treat Financial Cost in Cost Sheet?

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(Turn Over)

(MANAGEMENT ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions :

15×2=30

7. Royal Ltd. is expecting to have ₹ 32,000 cash in hand on 01.04.2016 and it requests you to prepare Cash Budget for the three months, April to June, 2016. The following information is supplied to you :

Month	Sales (₹)	Purchases (₹)	Wages (₹)	Expenses (₹)
February	70,000	44,000	6,000	5,000
March	80,000	56,000	9,000	6,000
April	96,000	60,000	9,000	7,000
May	1,00,000	68,000	11,000	9,000
June	1,20,000	62,000	14,000	9,000

Other Information :

- (i) Period of credit allowed by suppliers is two months
- (ii) 25% of sales is for cash and the period of credit allowed to customers for credit sales is one month
- (iii) Delay in payment of wages and expenses one month
- (iv) Income tax ₹ 27,000 is to be paid in June 2016
- (v) Dividend received from investment in May 2016 amounts to ₹ 2,500

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(Continued)

8. (a) From the following data, you are required to calculate break-even point in units and net sales value at this point when the company is producing 10000 units :

Direct material cost per unit—₹ 10
 Direct labour cost per unit—₹ 5
 Fixed overhead—₹ 5
 Variable overhead @ 60% on direct labour
 Selling price per unit—₹ 25
 Trade discount—4%

If sales is 25% above the break-even volume, determine the net profits.

- (b) Define margin of safety along with its formula.
 $12+3=15$

9. The following are the Comparative Balance Sheets of ABC Ltd. as on 31st December, 2015 and 2016 :

Liabilities	2015 ₹	2016 ₹	Assets	2015 ₹	2016 ₹
Share Capital (Shares of ₹ 10 each)	3,50,000	3,70,000	Land	1,00,000	1,50,000
Profit & Loss Account	50,400	52,800	Investment	3,000	4,000
9% Debentures	60,000	30,000	Goodwill	50,000	25,000
Creditors	51,600	59,200	Stocks	2,46,000	2,13,500
			Debtors	71,000	84,500
			Cash and Bank	42,000	35,000
	5,12,000	5,12,000		5,12,000	5,12,000

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(Turn Over)

Other Information :

(i) Dividends declared and paid during the year ₹ 17,500

(ii) Land was revalued during the year at ₹ 1,50,000 and the profit on revaluation transferred to Profit and Loss Account

You are required to prepare a Cash Flow Statement for the year ended 31.12.2016. 15

10. Define Management Accounting. State the relationship between Cost Accounting and Management Accounting. How does Management Accounting differ from Financial Accounting? 3+7+5=15

GROUP—B

11. Answer any **two** questions : 5×2=10

(a) Is depreciation a source of fund? Give reasons to your answer.

(b) From the following information, calculate Inventory/Stock :

Current ratio—2.5 : 1

Acid-test ratio—1.5 : 1

Current liabilities—₹ 50,000

(c) Distinguish between Cash Flow Statement and Funds Flow Statement.

(d) Graphically show the break-even point and angle of incidence.

GROUP—C

12. Answer any **five** questions : 2×5=10

(a) Define P/V ratio.

(b) What is RoI?

(c) Define the term 'flexible budget'.

(d) What is stock-turnover ratio?

(e) Write the major sources of cash inflow.

(f) Write two advantages of budgetary control.

(g) Define PE (price earning) ratio.

(h) What is capital reserve?

B III (Three Year G)
Under 1+1+1 System

2016

COMMERCE (General)

**COST ACCOUNTING AND MANAGEMENT
ACCOUNTING**

Paper : 3G1

(Revised New Syllabus)

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(COST ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions : 15×2=30

1. The following extract of costing information relates to a commodity for the year ended on 31st March, 2002 :

Stock on 1st April, 2001 :

Raw materials—₹ 5,000

Finished products (1000 tons)—₹ 4,000

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(Turn Over)

Stock on 31st March, 2002 :

Raw materials—₹ 5,560
 Finished products (2000 tons)—₹ 8,000
 Raw materials purchased—₹ 30,000
 Direct wages—₹ 25,000
 Rent, rates and insurance of works—₹ 10,000
 Carriage inwards—₹ 360
 Work-in-progress on 1st April, 2001—₹ 1,200
 Work-in-progress on 31st March, 2002—₹ 4,000
 Cost of factory supervision—₹ 2,000
 Sale of finished product—₹ 75,000

Advertisement and selling expenses amount to 25 paise per ton sold. 16000 tons were produced during the year.

Prepare the statement showing—

- the value of raw materials used;
- the cost of the output for the year;
- the cost of the turnover for the year;
- the net profit for the year;
- the profit per ton of the commodity. $3 \times 5 = 15$

- What is labour turnover? What are the causes of labour turnover? State different methods of labour turnover. $3 + 6 + 6 = 15$

- X Ltd. has three manufacturing departments A, B and C, and one service department S. The following figures are available for one month of 25 working days 8 hours each day. All departments work all the days with full attendance :

Expenses	Total Services Production departments			
	S	A	B	C
Power and lighting (in ₹)	240	200	300	360
Supervisors' salary (in ₹)	—	—	—	—
Rent (in ₹)	500	—	—	—
Welfare (in ₹)	600	—	—	—
Others (in ₹)	200	200	400	400
	<u>1,200</u>			
	5,400			
Supervisors' salary	30%	20%	30%	20%
No. of workers	10	30	40	20
Floor area (in sq. ft.)	500	600	800	600
Services rendered by service department to production departments	—	50%	30%	20%

Calculate labour hour rate of each of the departments A, B and C. 15

4. The following amounts have been spent on a contract still unfinished on 31st December, 2010 :

Materials sent at site—₹ 85,349	
Labour engaged at site—₹ 74,375	
Plant installed at site at cost—₹ 15,000	
Direct expenses—₹ 3,167	
Establishment charges—₹ 4,126	
Materials returned to store—₹ 549	
Work certified—₹ 1,95,000	
Cost of work not yet certified—₹ 4,500	
Materials in hand on 31st December—₹ 1,883	
Wages accrued due on 31st December—₹ 2,400	
Direct expenses accrued due on 31st December—₹ 240	
Value of plant on 31st December—₹ 1,100	

The contract price has been agreed at ₹ 2,50,000 and cash has been received from the contractee amounting to ₹ 1,80,000.
Prepare Contract Account. 15

GROUP—B

5. Answer any **two** questions : $5 \times 2 = 10$
- (a) From the following information, calculate reorder level and maximum level of stock : $2\frac{1}{2} + 2\frac{1}{2} = 5$

Reorder quantity—6000 units	
Minimum stock level to allow for emergencies—5 weeks	
Average lead time—4 weeks	
Average consumption rate per week—500 units	
Minimum consumption in 4 weeks—1600 units	

- (b) A worker takes 80 hours to do a job for which the time allowed is 100 hours. His daily rate is ₹ 2.50 per hour. Calculate the wages under—(i) Halsey plan, and (ii) Rowan plan. $2\frac{1}{2} + 2\frac{1}{2} = 5$
- (c) Write a short note on 'cost plus contract'. 5
- (d) Write the difference between 'Bin card' and 'Stores ledger'. 5

GROUP—C

6. Answer any **five** questions : $2 \times 5 = 10$

- (a) What do you mean by notional profit?
- (b) What do you mean by factory scrap?
- (c) What do you mean by period cost?
- (d) What is direct material?
- (e) Give four examples of factory overhead.
- (f) What do you mean by economic ordering quantity (EOQ)?
- (g) The cost of production of a product is ₹ 1,20,000. The company earns a profit of 25% on sale. Find out the sale price of the product.

- (h) What do you mean by opportunity cost?

(MANAGEMENT ACCOUNTING)

(Marks : 50)

GROUP—AAnswer any **two** questions : 15×2=30**7.** From the following information, you are required to prepare a Balance Sheet : 15

- Current ratio—1.75
 Liquid ratio—1.25
 Stock turnover ratio—9
 Gross profit ratio—25%
 Debt collection period—1.5 months
 Reserve and surplus to capital—0.4
 Turnover to fixed assets—1.2
 Capital gearing ratio—0.6
 Fixed assets to net worth—1.25
 Sales for the year—₹ 12,00,000

8. The following are the Summarized Balance Sheets of X Ltd. as on 31st December, 2003 and 31st December, 2004 :

Liabilities	2003 ₹	2004 ₹	Assets	2003 ₹	2004 ₹
Share Capital	6,00,000	8,00,000	Plant & Machinery	4,00,000	6,45,000
Debentures	2,00,000	3,00,000	(at cost)		
Profit & Loss A/c	1,25,000	2,50,000	Land and Building	3,00,000	4,00,000
Creditors	1,15,000	90,000	Stock	3,00,000	3,50,000
Provision for Bad and Doubtful Debts			Bank	20,000	40,000
			Preliminary Expenses	7,000	6,000
	6,000	3,000	Debtors	69,000	61,000

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(Continued)

Liabilities	2003 ₹	2004 ₹	Assets	2003 ₹	2004 ₹
Provision for Depreciation on Land and Building	20,000	24,000			
Provision for Depreciation on Plant and Machinery	30,000	35,000			
	<u>10,96,000</u>	<u>15,02,000</u>		<u>10,96,000</u>	<u>15,02,000</u>

Additional informations :

- (i) During the year a part of machinery costing ₹ 70,000 (accumulated depreciation thereon ₹ 2,000) was sold for ₹ 6,000
- (ii) Dividends of ₹ 50,000 were paid during the year
- You are required to ascertain—
- (a) changes in working capital for 2004; 5+10=15
- (b) Funds Flow Statement.

9. (a) Describe the assumptions of break-even analysis. 5

- (b) The selling price of a product of a company is assumed at ₹ 100 per unit. The company sold 7000 units and 9000 units in two successive periods and has incurred a loss of ₹ 10,000 and earned

(Turn Over)

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a profit of ₹ 10,000 respectively.
Calculate—

- (i) P/V ratio;
- (ii) amount of fixed expenses;
- (iii) number of units to break even;
- (iv) volume of sales to earn a profit of ₹ 40,000;
- (v) the profit when sales volume is ₹ 10,00,000.

$$2 \times 5 = 10$$

10. (a) What is meant by budgetary control system?

(b) Distinguish between fixed budget and flexible budget.

(c) Describe the essential steps for budgetary control.

$$3 + 5 + 7 = 15$$

GROUP—B

11. Answer any **two** questions :

$$5 \times 2 = 10$$

(a) Distinguish between marginal costing and absorption costing.

(b) What are the limitations of financial statement analysis?

(c) Write a short note on margin of safety.

(d) Define and explain stock turnover ratio.

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(Continued)

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(Turn Over)

GROUP—C

12. Answer any **five** questions :

$$2 \times 5 = 10$$

(a) How is 'earning per share' calculated?

(b) What is acid test ratio?

(c) What do you mean by 'angle of incidence'?

(d) What do you mean by 'net worth'?

(e) Explain the term 'net working capital'.

(f) What do you mean by the term 'contribution'?

(g) Define the term 'capital employed'.

(h) Define management accounting.

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B III (Three Year G)
Under 1+1+1 System

For Library Use

2015

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COST ACCOUNTING AND MANAGEMENT
ACCOUNTING

Paper : 3G1

(Revised New Syllabus)

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(COST ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions :

15×2=30

1. What are the special features of contract costing? How should profit of an uncompleted contract be determined? How is work-in-progress valued in contract costing?

4+6+5=15

DR15—3320/245

(Turn Over)

(2)

2. The following extract of costing information relates to commodity A for the half year ending 31st December, 2013 :

Purchase of Raw Materials	₹ 1,20,000
Works Overhead	48,000
Direct Wages	1,00,000
Carriage on Purchase	1,440
Stock as on 01.07.2013 :	
Raw Materials	20,000
Finished Products (1000 tons)	16,000
Stock as on 31.12.2013 :	
Raw Materials	22,240
Finished Products (2000 tons)	32,000
Work-in-Progress (01.07.2013)	4,800
Work-in-Progress (31.12.2013)	16,000
Sales—Finished Products	3,00,000

Selling and distribution overheads are ₹ 1 per ton sold. 16000 tons of commodity were produced during the period.

You are to ascertain (a) Cost of Raw Materials used, (b) Cost of Output for the period, (c) Cost of Sales, (d) Net Profit for the period and (e) Net Profit per ton of the commodity.

$$3 \times 5 = 15$$

(3)

3. From the following detail, compute the hourly rate of a machine installed in a shop : 15

Cost of machine—₹ 2,00,000
Installation charges—₹ 20,000
Estimated scrap value after expiry of its life (15 years)—₹ 10,000
Rent and Rates of the shop p.a.—₹ 7,200
General lighting of the shop p.a.—₹ 800
Insurance premium for the machine per quarter—₹ 720
Estimated repairs and maintenance cost of the machine p.a.—₹ 3,000
Power consumption of the machine—20 units per hour
Rate of power per 100 units—₹ 20
Estimated working hours of the machine per year—2300
Shop supervisor's salary per month—₹ 1,800

The machine occupies $\frac{1}{4}$ th of the total floor area of the shop. The supervisor is expected to devote $\frac{1}{5}$ th of his time for supervising the machine. Normal idle time is expected to be 300 hours per annum.

4. What is Cost Accounting? State its objectives. How does it differ from Financial Accounting?

$$3+5+7=15$$

Answer any **two** questions : $5 \times 2 = 10$

5. A worker completes a job in a certain number of hours. The standard time allowed for the job is 10 hours, and the hourly rate of wages is ₹ 1. The worker earns at the 50% rate of bonus of ₹ 2 under Halsey Plan.

Ascertain his total wages under the Rowan Premium Plan.

6. Calculate Economic Order Quantity (EOQ) from the following information relating to a type of raw material :

Annual Demand—2400 units

Ordering Cost—₹ 10 per order

Storage Cost—2% p.a.

Lead Time— $\frac{1}{2}$ month

Unit Price of Raw Material—₹ 2.50

Interest Rate—10% p.a.

7. Differentiate between FIFO and LIFO methods of issuing materials.

8. What are the special features of Job Costing?

Answer any **five** questions : $2 \times 5 = 10$

- (a) How would you treat Bad Debts in Cost Accounting?

- (b) Distinguish between Cost of Sales and Cost of Goods Sold.

- (c) What is indirect material?

- (d) Define Job Costing.

- (e) Give four examples of factory overhead.

- (f) Distinguish between Direct Labour and Indirect Labour.

- (g) Define labour turnover.

- (h) What is carrying cost?

(MANAGEMENT ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions : $15 \times 2 = 30$

10. Define Management Accounting and briefly describe its objectives. How does Management Accounting differ from Financial Accounting?
 $4+4+7=15$

11. You are required to draw a Flexible Budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity :

At 80% Capacity

Variable Overheads :	₹
Indirect Labour	12,000
Stores including Spares	4,000
Semi-variable Overheads :	
Power (30% Fixed)	20,000
Repairs and Maintenance (60% fixed)	2,000
Fixed Overheads :	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total Overheads	62,000

Estimated Direct Labour Hours—124000 hours

12. UPS Ltd. makes toys only. An analysis of cost records gives the following information :

	Amount
Sales (12000 units)	₹ 2,40,000
Direct Materials	48,000
Direct Labour	36,000
Variable Production O/H	24,000
Fixed Expenses	1,05,600

- (a) You are required to calculate—

- contribution per unit;
- P/V ratio;
- break-even point;
- margin of safety.

- (b) If the fixed expenses is increased by ₹ 20,020, then what will be the—

- new break-even point;
- sales required to earn a profit of ₹ 49,500?

$$(2+2+2+2)+(4+3)=15$$

13. Define Accounting Ratio. Discuss the importance and limitations of Ratio Analysis.

$$3+12=15$$

GROUP—B

14. Answer any **two** questions : 5×2=10

- Is depreciation a source of fund? Give reasons to your answer.
- What are the limitations of Financial Statement Analysis?
- Define and explain Debtors Turnover Ratio.
- Write a short note on Margin of Safety.

GROUP—C

15. Answer any **five** questions : $5 \times 5 = 25$

- (a) What is the purpose of determining debt-equity ratio?
- (b) How is 'earning per share' calculated?
- (c) What is working capital?
- (d) Write the major sources of cash inflow.
- (e) Write two benefits of using marginal costing technique.
- (f) Write two differences between Budgeting and Forecasting.
- (g) Write two advantages of budgetary control.
- (h) What is Acid-test Ratio?

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B III (Three Year G)
Under 1+1+1 System

2014

COMMERCE (General)

COST ACCOUNTING AND MANAGEMENT
ACCOUNTING

Paper : 3G1

(Revised New Syllabus)

Time : 3 hours

Full Marks : 100

The figures in the margin indicate full marks.

(COST ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions :

15×2=30

1. What is labour turnover? What are the causes of labour turnover? State different methods of labour turnover. 3+6+6=15

2. The following are the information of a manufacturing company :

Opening Stock on 01.01.2009 :

Raw Materials—₹ 50,000

Finished Goods—₹ 40,000 (1000 units)

Work-in-progress—₹ 12,000

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(Turn Over)

Overhan khushia 86268@gmail.com

Materials Purchased—₹ 3,00,000
 Direct Wages—₹ 2,50,000
 Rent, Rates and Insurance—₹ 1,00,000
 Carriage Inwards—₹ 3,600
 Supervision Cost—₹ 20,000

Stock on 31.12.2009 :

Raw Materials—₹ 55,600
 Finished Goods—₹ 80,000 (2000 units)
 Work-in-progress—₹ 40,000
 Advertisement Expenses—15 paise per unit
 Selling Expenses—10 paise per unit
 Sales—₹ 7,50,000
 Production during the year—16000 units
 Work-in-progress have been valued at
 Prime Cost

You are asked to prepare cost statement showing : $2\frac{1}{2} \times 6 =$

- Values of Materials Consumed
- Prime Cost
- Cost of Production
- Cost of Goods Sold
- Cost of Sales
- Net Profit

3. Write short notes on any **three** of the following : $5 \times 3 =$

- ABC Analysis
- Cost Audit
- Profit on uncompleted Works
- Cost Plus Contract
- Bin Card and Stores Ledger

4. A company having two Production Departments and one Service Department, furnishes the following particulars :

	₹
Power	1,000
Lighting	800
Rent and Rates	4,000
Indirect Wages	2,000
Sundries	5,000
Depreciation on Machinery	6,000

The other particulars are as follows :

	Production Departments		Service Department
	I	II	
Working Hours	4000	3500	3600
Direct Wages (₹)	3,000	2,600	3,000
Cost of Machinery (₹)	25,000	20,000	15,000
Horse Power of Machinery (hr.)	50	30	10
Light Points (Nos.)	18	12	10
Floor Space (sq. metre)	1000	1200	800

The expenses of the Service Department are to be allocated between Production Departments I and II in the ratio of 60 : 40. Apportion the costs to various departments on the most suitable basis.

(4)

GROUP—B

5. Answer any **two** questions : $5 \times 2 = 10$

(a) Distinguish between Halsey Plan and Rowan Plan.

(b) From the following information, compute Economic Order Quantity (EOQ) :

Consumption per annum—18000 units
Cost per unit—₹ 1.50
Cost of placing order and processing delivery—₹ 12 per order
Inventory carrying cost—20% of unit value

(c) What are allocation and apportionment of overhead?

(d) Write a short note on under-absorption and over-absorption of overhead.

GROUP—C

6. Answer any **five** questions : $2 \times 5 = 10$

(a) Distinguish between Time Card and Job Card.

(b) How do you treat factory scrap?

(c) Distinguish between Cost Unit and Cost Centre.

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(Continued

(5)

(d) Time allowed—10 hours
Rate per hour of work—₹ 4
Wages under Halsey Plan—₹ 32
Calculate time saved.

(e) Give four examples of factory overhead.

(f) What is 'Danger Stock Level'?

(g) What is 'Direct Material'?

(h) Distinguish between Fixed Cost and Variable Cost.

(MANAGEMENT ACCOUNTING)

(Marks : 50)

GROUP—A

Answer any **two** questions : $15 \times 2 = 30$

7. From the following Balance Sheets, prepare a statement showing changes in Working Capital and also Fund Flow Statement : $5 + 10 = 15$

Balance Sheets					
Liabilities	2012 ₹	2013 ₹	Assets	2012 ₹	2013 ₹
Equity Share Capital	40,000	48,000	Land & Building	21,000	28,000
Share Premium	—	2,000	Plant & Machinery	58,000	64,000
General Reserve	6,000	10,000	Profit & Loss A/c	13,600	2,000
7% Debenture	10,000	—	Investment	1,800	2,000
undry Creditors	26,000	28,000	Stock	26,000	21,000

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(Turn Over)

Liabilities	2012	2013	Assets	2012	2013
Proposed Dividend	4,000		Sundry Debtors	15,000	17,000
Prov. for Depreciation on Plant & Machinery	29,200	30,800	Bank	3,000	5,200
	<u>1,24,800</u>	<u>1,37,200</u>		<u>1,24,800</u>	<u>1,37,200</u>

Other information :

- (i) A plant costing ₹ 4,000 (written down value—₹ 1,400) was sold for ₹ 600
- (ii) An interim dividend of ₹ 2,000 was paid in addition to the proposed dividend

8. A manufacturing company has supplied you the following information in respect of one of its products :

Total Fixed Cost	₹ 18,000
Total Variable Cost	30,000
Total Sales	60,000
Units Sold	20,000

Find out the following : $3 \times 5 = 15$

- Contribution per unit
- Break-even point
- Margin of safety
- Profit
- Volume of sales to earn a profit of ₹ 24,000

From the following forecast of Income and Expenditure, prepare a Cash Budget for the three months commencing 1st June when the bank balance was ₹ 1,00,000 : 15

Months	Sales (₹)	Purchases (₹)	Wages (₹)	Factory Expenses (₹)	Admn. & Selling Expenses (₹)
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,500	35,000	4,700	6,000	13,000

A sales commission of 5 percent on sales and due two months after sales is payable in addition to selling expenses. Plant valued at ₹ 65,000 will be purchased and paid for in August and the dividend of ₹ 15,000 for the last financial year will be paid in July. There is a two-month credit period allowed to customers and one month received from suppliers.

9. What do you mean by Financial Statement? Discuss briefly different methods available for financial statement analysis. $3+12=15$

GROUP—B

11. Answer any **two** questions : 5×2=10

(a) Study the following Balance Sheet :
Balance Sheet as on 31st December, 2013

Liabilities		Assets	
	₹		₹
Equity Share Capital	75,000	Fixed Assets	90,000
Preference Share Capital		Current Assets :	
Reserve and Surplus	15,000	Raw Materials	6,000
Debentures	12,000	Finished Goods	16,000
Bank Loan	24,000	Debtors	5,000
Creditors	6,000	Bank	2,000
Proposed Dividend	8,000	Cash	1,000
Provision for Tax	1,000	Preliminary Expenses	24,000
	5,000	Discount on Issue of Debentures	2,000
			<u>1,46,000</u>
			<u>1,46,000</u>

Calculate the following :

- Current Ratio
 - Acid-test Ratio
 - Capital Employed
 - Debt-Equity Ratio
 - Proprietorship Ratio
- (b) What is profit-volume ratio? Explain.
- (c) Distinguish between Marginal Costing and Absorption Costing.
- (d) Distinguish between Fixed Budget and Flexible Budget.

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(Continued)

GROUP—C

12. Answer any **five** questions : 2×5=10

- Define Management Accounting.
- State how margin of safety is related to BEP.
- How is earning per share calculated?
- What do you mean by Net Worth?
- What is margin of safety?
- Distinguish between Budgeting and Forecasting.
- Distinguish between Current ratio and Liquid ratio.
- Distinguish between Contribution and Profit.

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(Turn Over)