

Credit Based III Semester B.Com. Degree Examination,
November/December 2018

COMMERCE

Cost and Management Accounting – I
(Common to all Batches)

Time : 3 Hours

Max. Marks : 120

SECTION – A

Answer **any four** of the following questions.

(4×6=24)

1. What are the objectives of Cost Accounting ?
2. What is idle time ? What are the reasons for normal idle time and abnormal idle time ?
3. What is a cost centre ? What are its types ?
4. The cost of ordering is ₹ 240. The carrying cost of inventory is estimated to be ₹ 0.05 per month per unit. The demand for the material is 250 units per month. Calculate the economic order quantity.
5. From the following information, calculate the earnings of A, B and C under Taylor's differential piece rate system.

The working hours in a week consisted of 48 hours.

Standard output : 4 units per hour.

Time Rate : ₹ 32 per hour.

Actual output : A – 175 units, B – 192 units, C – 200 units.



6. Ashwitha invited quotations for the supply of a chemical. The following quotation is submitted by a supplier.

Lot price	200 kg	₹ 50 per kg
	400 kg	₹ 47.50 per kg
	600 kg	₹ 40.00 per kg

Trade discount is 25%. Freight and forwarding charges ₹ 200. One container is required for every 50 kg and each container is charged at ₹ 5. If the container is returned within two months, credit will be allowed at ₹ 3 per container. Calculate the purchase price of 600 kg of the chemical.

SECTION – B

Answer any four questions.

(4×12=48)

7. Explain different methods of costing.
8. What is labour turnover ? What are the causes of labour turnover ?
9. Calculate the total earnings of two workers under :

- a) Time rate
- b) Piece rate
- c) Halsey plan
- d) Rowan system.

Employee	A	B
Time allowed (hours per 100 units)	35	40
Wage rate per unit	₹ 2	₹ 3
Hourly rate	₹ 7	₹ 8
Actual time taken	50 hours	48 hours
Actual units produced	200	150



10. Enter the following transactions adopting the weighted average method of pricing out issues.

2018 August :

- " 1 Opening balance 50 units at ₹ 3 per unit.
- " 5 Issued out to production : 2 units.
- " 7 Purchased 48 units at ₹ 4 per unit.
- " 9 Issued out 20 units to production.
- " 19 Purchased 76 units at ₹ 3 per unit.
- " 24 Received back in to stores 19 units out of 20 units issued on 9th August 2018.
- " 27 Issued to production : 10 units.

11. The following information regarding coal is obtained from the stores records of Padma Steels Ltd.

December 2013

"	1 st	Opening balance	–	500 tons
"	4 th	Issued on MR No. 85	–	160 tons
"	5 th	Received from vendor vide GR No. 7	–	240 tons
"	8 th	Issued on MR No. 86	–	180 tons
"	12 th	Issued on MR No. 87	–	60 tons
"	17 th	Received from vendor vide GR No. 8	–	200 tons
"	24 th	Issued on MR No. 88	–	150 tons
"	30 th	Received from vendor vide GR No. 9	–	250 tons
"	31 st	Issued on MR No. 89	–	170 tons

Stock verified on December 2013 revealed a shortage of 200 tons and 100 tons of surplus on 26th December 2013. The minimum stock level 200 tons. The ordering level is 300 tons.

Prepare a Bin card No. 20 for the above transactions.



12. Information relating to 3 materials is available

	G	E	F
ROQ (units)	10,000	5,000	1,000
Minimum Delivery period (weeks)	1	3	2
Average Delivery period (weeks)	2	4	3

Calculate minimum level of G; Maximum level of E, Reorder level of F and Average Stock level of G. The weekly usage of these materials vary from 175 units to 225 units.

SECTION – C

Answer **any two** questions.

(2x24=48)

13. Prepare a stores Ledger under FIFO method.

2018 September

- " 1 Opening balance 500 units at ₹ 1 per unit.
- " 3 Issued 100 units MR No. 61.
- " 6 Received 1,600 units at ₹ 1.10 per unit GR No. 13.
- " 7 Issued 600 units MR No. 63.
- " 8 Returned to stores 40 units issued out of MR No. 61.
- " 12 Received 600 units at ₹ 1.20 per unit GR No. 15.
- " 15 Issued 640 units MR No. 83.
- " 18 Received 200 units at ₹ 1.20 per unit GR No. 77.
- " 20 Issued 240 units MR No. 102.
- " 23 Returned to vendors 80 units received as per GR No. 77.
- " 26 Received 400 units at ₹ 1 per unit GR No. 96.
- " 28 Freight paid ₹ 100 on purchase as per GR No. 96.
- " 30 Issued 500 units MR No. 113.



14. Pleasant Cold Ltd. manufactured and sold 100 refrigerators during the year ended 31st March 2016. The following information available on the date :

Trading and Profit and Loss Account for the year ended 31-3-2016

	₹		₹
To Cost of raw-materials	80,000	By Sales	4,00,000
" Direct Wages	1,20,000		
" Manufacturing cost	50,000		
" Gross Profit c/d	1,50,000		
	4,00,000		4,00,000
To Management expenses	60,000	By Gross Profit	1,50,000
" Rent and Insurance	10,000		
" Selling expenses	30,000		
" General expenses	20,000		
" Net Profit	30,000		
	1,50,000		1,50,000

For the year ended 31st March 2017 it is estimated that

- a) Output and sales will be 120 refrigerators.
- b) Price of material will rise by 20% on previous year's level.
- c) Wages will rise by 5%.
- d) Manufacturing cost will be at 25% of prime cost.
- e) Selling expenses per unit will remain unchanged.
- f) Other expenses will remain unaffected by the rise in output.

You are require to prepare cost sheet for the year ended 31st March 2016 and estimated cost sheet for the year ending 31st March 2017, showing the price at which refrigerators would be marked so as to show a profit of 20% on selling price.



15. The following figures are extracted from the Trial Balance of Maharatna company on 30th September 2018.

Inventories :	Finished stock	₹ 80,000
	Raw Material	₹ 1,40,000
	W.I.P.	₹ 2,00,000
		₹

Office appliances	17,400
Plant and Machinery	4,60,500
Building	2,00,000
Sales returns	14,000
Heat, light, power	65,000
Sales Commission	44,600
Distribution Department expenses	18,000
Sales	7,68,000
Purchases	3,20,000
Freight on purchases	16,000
Purchase returns	4,800
Direct Labour	1,60,000
Rates and Taxes	6,300
Factory supervision	60,700
Office expenses	8,600
Sales promotion	22,500



Further details :

1) Closing inventory :

	₹
Finished goods	1,15,000
Raw material	1,80,000
W.I.P.	1,92,000

2) Accrued expenses on : Direct Labour ₹ 8,000, Factory supervision ₹ 1,200.

3) Depreciation to be provided on : Office appliances 5%, Plant and Machinery 10%, Buildings 4%.

4) Distribution of the following costs :

Heat, light, power to factory, office and selling and distribution in the ratio of 8 : 1 : 1.

Rates and taxes – $\frac{2}{3}$ to factory, $\frac{1}{3}$ to office.

Depreciation on building to factory, office and selling in the ratio of 8 : 1 : 1.

With the help of the above information, you are required to prepare a statement showing the cost and Profit for the year ending 30th September 2018.

16. What are the advantages of cost accounting ?
