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BCMCMC 234

III Semester B.Com. Degree Examination, April 2021

(Choice Based Credit System)

(2020-21 Batch Onwards)

Group – I : Core Courses : COMMERCE

Cost and Management Accounting – I

Time : 3 Hours

Max. Marks : 120

SECTION – A

I. Answer **any four** of the following :

(4×6=24)

- 1) Define the terms “Costing” “Cost Accounting” and “Cost Accountancy”.
- 2) Classify the cost on the basis of their behavior.
- 3) How you treat the following items while preparing the cost sheet ?
 - a) Normal idle time cost
 - b) Counting house salary
 - c) Legal expenses
 - d) Drawing office salary
 - e) Demonstration expenses
 - f) Interest on bank loan
 - g) Bad debts
 - h) Interest on capital
 - i) Chargeable expenses
 - j) Recruitment expenses
 - k) Trade journals
 - l) Dividend received.

P.T.O.



4) Find out EOQ from the following particulars :

Annual usage 6,000 units

Cost of materials per unit Rs. 20

Cost of placing and receiving one order Rs. 60

Annual carrying cost of one unit 10% of inventory value.

5) A supplier quotes for material 'N' as follows.

Lot price 400 Kg at Rs. 10 per Kg

 1,000 Kg at Rs. 7 per Kg

 1,600 Kg at Rs. 5 per Kg

Supplier allows a trade discount of 25% and a cash discount of 5%, if the payment is made within 15 days. One container is required for every 100 Kg of the materials and the containers are charged at Rs. 20 each with return value of Rs. 10 each. The buyer decides to buy 1,000 Kgs. Transport charges amounting to Rs. 300 charged by the supplier. Calculate purchase price of 1,000 Kg of material 'N'.

6) From the following information, calculate the earnings of A, B and C under Taylors differential piece rate system.

The working hours in a week consisted of 48 hours.

Standard output : 4 units per hour

Time rate : Rs. 32 per hour.

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

SECTION – B

II. Answer **any four** of the following :

(12×4=48)

7) Explain the advantages of cost accounting.

8) What is centralized purchasing ? What are the advantages and disadvantages of centralized purchasing ?



9) M/S Shanthi Sales Corporation supplies you the following figures and information relating to a product during the month of January 2021.

Materials consumed	Rs. 30,000
Direct wages	Rs. 18,000
Machine hours worked	1800 hours
Machine hour rate	Rs. 5
Administrative overhead	20% on works cost
Selling overhead	Re. 1 per unit
Units produced	17,100 units
Units sold	16,000 units at Rs. 8 per unit

Prepare a cost sheet.

10) In a factory 2 components P and Q are used as follows :

Normal usage 900 units per week each

Maximum usage 1,350 units per week each

Minimum usage 450 units per week each

Reorder quantity : P – 7,300

Q – 9,000

Reorder period : P – 2 to 4 week

Q – 4 to 6 week

Calculate for each component :

- a) Reorder level
- b) Minimum level
- c) Maximum level



11) From the following details of stock receipts and issues of materials 'P' in a manufacturing unit, prepare the store ledger using Weighted Average Method of valuing the issues.

Date	Particulars
2020, April 1	Opening stock of material 'P' 2,400 units at Rs. 18 each
" 2	Issued 1,500 units to production
" 3	Received 5,600 units at Rs. 16 each
" 4	Issued 3,800 units to production
" 5	Returned to stores 100 units by production department issued on 2 nd April
" 6	Received 2,200 units at Rs. 15.50 each
" 7	Returned to supplier 200 units out of quantity received on 3 rd April
" 8	Received 4,500 units at Rs. 16. each
" 9	Issued 3,400 units to production
" 10	Received 4,800 units at Rs. 18.50 each
" 11	Issued 3,600 units to production

12) In a factory Taylor's wage system is in operation. Standard output is fixed at 20 units per hour and basic wage rate is Rs. 8 per hour. The piece rates are prescribed as under :

120% of normal piece-rate when output is at or above standard. 80% of normal piece rate when output is below the standard. In a day of 8 hrs. workman A and B have turned out 158 units and 162 units of output respectively.

Calculate the total wages of A and B under

- a) Time wage system
- b) Straight piece-rate system.
- c) Taylor's differential piece rate system.



SECTION – C

III. Answer **any two** of the following :

(24×2=48)

- 13) What are the limitations of Financial Accounting and explain the difference between Financial Accounting and Cost Accounting.
- 14) Prepare a cost sheet of Bhavish Chemicals Pvt. Ltd., for January 2020.

	Rs.
Purchases	90,000
Direct wages	96,000
Material supplied from store	7,000
Factory stores	8,000
Trade magazines	1,600
General manager's salary	12,000
Depreciation on furniture	1,800
Office salary	4,600
Debenture interest	3,000
Sales [15,000 units]	3,15,000
Finished stock insurance	2,400
Delivery Van expenses	3,500
Sales office expenses	2,800
Donations	10,000
Stores expenses	6,500
Material expenses	2,500
Loss on sale of furniture	1,000
Cost of defective work	3,800



Coal, gas, water		12,400
Audit fee		3,000
Goodwill written off		8,000
Underwriting commission		4,000
Interest on bank loan		600
Legal charges		1,000
Samples distributed		2,500
Packing charges		1,600
Showroom expenses		2,200
Stock as on	<u>1-1-20</u>	<u>31-01-20</u>
Materials (Rs.)	15,000	-
W-I-P (Rs.)	14,000	15,200
Finished stock (units)	-	1,000

15) The following particulars are taken from the books of manufacturing company in respect of material 'X' during the month of October 2020.

- October 1 Opening balance 25 units valued at Rs. 162.5.
- 4 Issued 8 units, MR No.58.
- 6 Received from Mohan and Co. 50 units, GRN No. 62 at Rs.5.75 per unit.
- 7 Issued 12 units, MR No.85.
- 10 Returned to Mohan and Co. 10 units.
- 13 Issued 35 units, MR No.114.
- 15 Received from Mohan and Co. 25 units at Rs. 6.10 per unit. GRN No.94.
- 17 Issued 10 units, MR No. 119.



- 19 Received replacement from Mohan and Co. 10 units, GRN No. 101.
- 20 Returned from department 5 units.
- 22 Transferred 5 units from job 182 to job 187.
- 26 Issued 10 units MR No. 146.
- 29 Transferred 5 units from Department A to Department B.
- 30 Shortage in stock taking 7 units.

Prepare stores ledger pricing the issues under 'FIFO' method.

- 16) What is Labour Turnover ? Explain the causes of labour turnover and what measures do you consider to reduce excessive labour turnover.
