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BCMCMC 234

**Choice Based Credit System III Semester B.Com. Degree
Examination, April/May 2022
(2020 – 21 Batch Onwards)
COST AND MANAGEMENT ACCOUNTING – 1 (Group – I)**

Time : 3 Hours

Max. Marks : 120

SECTION – A

Answer **any four** of the following :

(4×6=24)

1. Explain the different objectives of Cost Accounting.
2. Classify the costs on the basis of their functions.
3. How you treat the following items while preparing the cost sheet ?
 - a) Commission on sales
 - b) Legal expenses
 - c) Unproductive wages
 - d) Chargeable expenses
 - e) Drawing office salary
 - f) Transfer fees received.
4. The cost of ordering is Rs. 240. The carrying cost of inventory is estimated to be Rs. 0.05 per month per unit. The demand for the material is 250 units per month. Calculate the economic order quantity.
5. The following quotation is received for the supply of a chemical.
300 kg – Rs. 90 per kg
400 kg – Rs. 85 per kg
500 kg – Rs. 80 per kg
Cash discount is allowed @ 5%, if payment is made within one month. Trade discount allowed @ 25%.
Freight and forwarding charges are levied at Rs. 1,000. One container is required for every 50 kg of chemicals. For each container, Rs. 75 is charged. However credit will be allowed at Rs. 40, if the containers are returned within one month. Calculate the purchase price 400 kg of chemicals assuming that the containers are returned within one month.

P.T.O.



6. Calculate the earnings of the workers under Taylor's Differential Piece Rate System.
 Time Rate Rs. 5 per hour.
 Standard output per hour 10 units.
 Differential Rates are:
 Low piece rate at 80% of the normal piece rate
 High piece rate at 120% of the normal piece rate.
 In a day of 8 hours, A produces 80 units, B produces 92 units and C produces 75 units.

SECTION – B

Answer **any four** of the following :

(4×12=48)

7. What is Just in Time ? Explain the advantages and limitations.
8. What is decentralized purchasing ? What are the advantages and disadvantages of decentralized purchasing ?
9. Bharath Printers has been asked to quote the price for supplying 2,000 invitation cards. The cost records for 1,000 invitation cards of the firm give the following information for the month of August 2021.
 Direct Materials Rs. 4,000
 Direct Wages Rs. 3,000
 Productive Overheads Rs. 1,500.
 Sales 1,000 cards at Rs. 10 each.
 You are required to quote the price for 2,000 cards (similar) considering the following.
 a) Material cost to increase by 5%.
 b) Labour rate to increase by 10%.
 c) Production overheads to be absorbed on the basis of direct wages.
 d) Profit percentage on sale to remain the same.
10. Two components S1 and S2 are used as follows :
 Average usage – 300 units per week each.
 Maximum usage – 450 units per week each.
 Minimum usage – 150 units per week each.
 Re-order quantity – S1 : 2,400 units, S2 : 3,600 units.
 Re-order period – S1 : 4 to 6 weeks, S2 : 2 to 4 weeks.
 Calculate for each component :
 a) Re-order level
 b) Minimum Level
 c) Maximum level
 d) Average stock level.



11. From the following details of stock receipts and issues of Material 'X' in a manufacturing unit, prepare the Stores Ledger using 'Weighted Average Method' of valuing the issues.

- 2021, March 1 Opening stock 2,400 units at Rs. 18 each.
- 3 Issued 1,500 units to production.
- 4 Received 5,600 units at Rs. 16 each.
- 8 Issued 3,800 units to production.
- 9 Returned to stores 100 units by production department issued on March 3.
- 16 Received 2,200 units at Rs. 15.50 each.
- 19 Returned to supplier 200 units out of quantity received on March 4.
- 20 Received 4,500 units at Rs. 16 each.
- 24 Issued to production 3,400 units.
- 27 Received 4,800 units at Rs. 18.50 each.
- 29 Issued to production 3,600 units.

12. A worker takes 6 hours to complete a job under a scheme of payment by results. Standard time allowed for the job is 9 hours. His wage rate is Rs. 150 per hour. Material cost of the job is Rs. 1,600 and overheads are recovered at 200% of direct wages.

Calculate factory cost of the job under Rowan and Halsey Plan.

SECTION – C

Answer **any two** of the following :

(2x24=48)

13. Distinguish between Cost and Financial Accounting and explain the advantages of Cost Accounting to Management.

14. The following particulars are obtained from the books of Akash Co. Ltd. for the year ended 31-12-2021 :

Particulars	Rs.
Stock on 01-01-2021 :	
Materials	15,000
Work in progress	14,000
Stock on 31-12-2021 :	
Work in progress	15,200
Finished stock 1,000 units	—
Purchases	97,000
Direct wages	96,000
Factory supplies	8,000
Trade magazine	1,600
Manager's salary (office)	16,600
Depreciation on furniture	1,800



Debenture interest	4,500
Sales (15,000 units)	3,15,000
Finished stock insurance	2,400
Delivery van expenses	3,500
Sales office expenses	2,800
Donations	5,000
Stores expenses	6,500
Materials handling	2,500
Loss on sale of office furniture	250
Cost of defective work	3,800
Coal, gas and water	12,400
Audit fees	3,000
Goodwill written off	2,000
Underwriting commission	1,000
Interest on bank loan	1,500
Legal charges	1,000
Samples	2,500
Packing	1,600
Showroom expenses	2,200

Prepare Cost Sheet showing cost of production and profit per unit of output.

15. From the following particulars write up a Stores Ledger Account under FIFO method.

- 2021, August 1 Opening balance 250 units at Rs. 1.10 per unit.
- 3 Received 100 units at Rs. 1.20 per unit.
- 4 Issued 50 units
- 6 Received 800 units at Rs. 1.30 per unit.
- 7 Issued 300 units.
- 8 Returned to stores 20 units, issued on 4th August.
- 12 Received 300 units at Rs. 1.40 per unit.
- 15 Issued 320 units.
- 18 Received 100 units at Rs. 1.50 per unit.
- 20 Stock verification revealed a loss of 20 units.
- 21 Issued 100 units.
- 23 Returned to vendors 30 units, received on 18th August.
- 25 Transferred from Job A to Job B, 50 units.
- 28 Received 200 units at Re. 1 per unit.
- 30 Freight paid on purchases made on 28th August Rs. 70
- 31 Issued 150 units.
- 31 Excess of 5 units were found on stock verification.

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