



**Credit Based III Semester B.Com. Degree Examination, Oct./Nov. 2016
(2015-16 Batch Onwards)**

COMMERCE

Cost and Management Accounting – I

Time : 3 Hours

Max. Marks : 120

SECTION – A

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

(4×6=24)

1. Explain cost centre and cost unit.
2. What do you mean by EOQ ?
3. What is idle time ? What are its causes ?
4. A manufacturer buys certain material from outside suppliers at Rs. 30 per unit. Total annual needs are 800 units. The following data are also available :
Annual return on investment : 10%
Rent, insurance, taxes per unit per year : Rs. 1
Cost of placing an order : Rs. 100
Calculate the EOQ.
5. From the information given below compute the earnings of workers A and B on Taylor's differential piece rate system.
Standard production : 8 units per hour
Normal time rate : Rs. 4 per hour



Differential piece rate system.

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 produced 54 units and B 75 units.

6. A firm purchased raw material 'Z' from Raddy Company Ltd. Quantity purchased is 5000 kg, at Rs. 20 per kg. Company allows a trade discount of 10%. Sales tax is 4%, freight Rs. 2 per kg. Inspection charges Rs. 0.10 per kg. Unloading charges 15 paise per kg.

Provide for damages 1%. Calculate the purchase cost of materials.

SECTION – B

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

(4×12=48)

7. Explain the limitations of Financial Accounting.
8. What is labour turnover ? Explain the causes and effects of labour turnover.
9. M/S Sanjan Sales Corporation supplies you the following figures and information relating to a product during the month of January 2016

Material 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 sold	16,000 units at Rs. 8 per unit

Prepare a cost sheet.



10. In manufacturing a product, Benolla Ltd., uses two components 'XL' and 'XM'. The following particulars are supplied to you.

Normal usage 50 Kg. per week, each

Minimum usage 25 Kg. per week, each

Maximum usage 75 Kg. per week, each

Re-order quantity 'XL' – 400 kg

'XM' – 600 kg

Re-order period 'XL' – 4 to 6 weeks

'XM' – 2 to 4 weeks

Calculate for each component of the following :

- i) Re-order level
 - ii) Maximum level
 - iii) Minimum level
 - iv) Average Stock level.
11. From the following transactions prepare stores Ledger Account pricing the issues at weighted average price.

Jan. – 1 Opening balance 3,000 Kg at Rs. 5 per kg

3 Purchased 5,000 Kg at Rs. 16.16 per kg

4 Issued 1,200 Kg

10 Surplus from work order returned to stores 300 kg

20 Issued 4,000 kg

25 Purchased 4,980 Kg. at Rs. 13 per kg

30 Issued 3,000 Kg.



12. A worker's basic wage is Rs. 300 per day of 8 hours. His time sheet for a week is summarised below

Job No.	Time allowed	Time Taken
1	25 hours	20 hours
2	30 hours	20 hours

Idle time is 8 hours. DA is Rs. 108 per week of 48 hours. Calculate the gross wage he has earned for the week under Halsey's and Rowan's plan.

SECTION – C

Answer any two of the following questions.

(2×24=48)

13. Explain briefly the different methods and techniques of costing.
14. Akashdeep Ltd. furnishes the following for the month of September 2015 :

Stock on 31st August 2015 :

Materials	15,000
Work in progress	14,000

Stock on 30th Sept. 2015

Work in progress	15,200
Finished stock 1000 units	—

Purchases 97,000

Direct Wages 96,000

Factory Supplies 8,000

Trade magazine 1,600

Manager's Salary (Office) 16,600

Depreciation furniture 1,800



Debenture interest	4,500
Sales (15000 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
Material handling	2,500
Loss on sale of office furniture	250
Cost of defective work	3,800
Coal, gas 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
Show room expenses	2,200

Prepare cost sheet showing cost of production and profit per unit output.

15. Write up the stores Ledger Account under FIFO Method :

1 March 2015 Opening balance 25 units value 162.5.

4 March 2015 Issued 8 units M. R. No. 85.



- 6 March 2015 Received 50 units at Rs. 5.75 per unit G. R. No. 26.
- 7 March 2015 Issued 12 units M. R. No. 87.
- 10 March 2015 Returns to Vendor 10 units at Rs. 5.75.
- 12 March 2015 Issued 15 units M. R. No. 108.
- 13 March 2015 Issued 20 units M. R. No. 110.
- 15 March 2015 Received 25 units at Rs. 6.10 per unit G. R. No. 33.
- 17 March 2015 Issued 10 units M. R. No. 121.
- 19 March 2015 Received replacement 10 units G. R. No. 38.
- 20 March 2015 Returns to stores 5 units.
- 22 March 2015 Transferred 5 units Job No. 182 to 187.
- 26 March 2015 Issued 10 units M. R. No. 146.
- 29 March 2015 Transferred 5 units from dept. A to dept. B.
- 30 March 2015 Shortage 2 units treated as abnormal.
16. Production and Sales during the year 2014 was 1000 units.

	Rs.
Direct material	2,00,000
Direct wages	1,50,000
Factory Expenses	1,37,500
Administrative expenses	60,000
Selling expenses	45,000
Sales	7,30,000



The following estimates have been made for 2015 :

- 1) Production and sales will be 1,500 units.
- 2) Material price per unit will increase by 25% but due to economy in consumption the cost per unit will reduce by 12%.
- 3) The wage rate per unit will increase by 20%.
- 4) Factory expenses of Rs. 50,000 are fixed. The remaining factory expenses will be in the same proportion to material consumed and wages as in the previous year.
- 5) The total administrative expenses will increase by $\frac{2}{3}$.
- 6) Selling expenses will be Rs. 90,000.
- 7) The profit desired is 20% on sales.

Prepare cost statement showing cost and profit for 2014 and 2015.
