

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

COMMERCE

Cost and Management Accounting – I

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes wherever necessary.

SECTION – A

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

(4×6=24)

1. What is overtime ? What are the causes of overtime ?
2. Explain Cost Centre and Cost Unit.
3. Distinguish between Store Ledger and Bin Card.
4. Calculate the earnings of the worker 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.



5. The following quotation is received for the supply of the chemical.
- 400 Kg – Rs. 120 per kg
600 Kg – Rs. 140 per kg
- Trade discount allowed 10%. Cash discount allowed 5%. Sales tax 3%. Freight Rs. 3,000. Inspection charges Rs. 4,000. Unloading charges Rs. 200. Provide for damage 1%.
- Calculate the purchase cost of materials.
6. Medical Aids Co. manufactured a special product. The following particulars were collected for the year 2014.
- Cost of placing an order Rs. 60
Annual carrying cost per unit 10% of the inventory.
Annual Usage 6000 units
Cost of material per unit Rs. 20
- Find the Economic Ordering Quantity.

SECTION – B

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

(4×12=48)

7. State the classification of cost on the bases of behavior.
8. Explain the different objectives of cost accounting.
9. What is Centralized Purchasing ? What are its merits and demerits ?
10. 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.



11. Information relating to 3 materials is available.

	A	B	C
ROQ (units)	10,000	5,000	1,000
Minimum Delivery Period (weeks)	1	3	2
Average Delivery Period (weeks)	2	4	3
Maximum level (units)	—	—	2,000

The weekly usage of these materials varies from 175 units to 225 units.

Calculate :

- 1) Minimum Level of A.
- 2) Maximum Level of B.
- 3) Average stock Level of C.
- 4) Average stock Level of A.

12. From the following details of stock receipts and issues of materials 'X' in a manufacturing unit, prepare the stores ledger using Weighted Average Method of valuing the issues.

2014 November	
1	Opening stock 2400 units at Rs. 18 each
3	Issued 1500 units to production
4	Received 5600 units at Rs. 16 each
8	Issued 3800 units to production
9	Returned to stores 100 units by production department issued on November 3
16	Received 2200 units at Rs. 15.50 each
19	Returned to supplier 200 units out of quantity received on November 4
20	Received 4500 units at Rs. 16 each
24	Issued to production 3400 units
27	Received 4800 units at Rs. 18.50 each
29	Issued to production 3600 units.



SECTION – C

Answer any two of the following questions :

(2×24=48)

13. From the following particulars, write up a store ledger card in the prescribed form using FIFO method.

2014

Sept. 1	Opening balance 40 units value Rs. 224
Sept. 4	Issued 14 units
Sept. 6	Received from A and Co. 80 units @ Rs. 5.75 units
Sept. 7	Issued 42 units
Sept. 10	Returns to A and Co. 10 units
Sept. 11	Issued 15 units
Sept. 13	Issued 20 units
Sept. 15	Received from X and Co. 75 units @ Rs. 6.10 units
Sept. 16	Shortage in stock taking 6 units
Sept. 17	Issued 30 units
Sept. 19	Received replacement from A and Co.
Sept. 20	Returned from Dept. 8 units
Sept. 22	Transfer from Job 182 to Job 187, 5 units
Sept. 26	Issued 34 units
Sept. 30	Excess 5 units



14. The Bharat Engineering Co. Ltd. Manufactured and Sold 4000 sewing machines in 2013. Following are the particulars obtained from the records of the company.

	Rs.
Cost of materials	80,000
Wages paid	1,20,000
Manufacturing expenses	50,000
Salaries	60,000
Rent, rates and insurance	10,000
Selling expenses	30,000
General expenses	20,000
Sales	4,00,000

The company plans to manufacture 6000 sewing machines in 2014. You are required to submit a statement showing the price at which machine should be sold so as to show a profit of 20% on sales.

The following additional information is supplies to you

- a) The price of materials will rise by 10% on previous year's level
- b) Wage rate will rise by 15%
- c) Manufacturing expenses will rise in proportion to the combined cost of materials and wages.
- d) Selling expenses per unit remains unaffected
- e) Other expenses will be unaffected by the rise in output.



15. Deepak Ltd. Furnishes the following for the month of Sept. 2014.

	Rs.
Stock on 1st Sept. 2014	
Materials	25,000
W-I-P	24,000
Finished stock – 4000 units	16,000
Stock on 30th Sept. 2014	
W-I-P	28,200
Finished stock – 5000 units	—
Purchases	85,000
Direct wages	96,000
Factory supplies	19,000
Counting house salary	16,000
Manager salary	26,600
Depreciation – Furniture	3,800
Debenture Interest	4,500
Sales (19000 units)	4,40,000
Finished Stock Insurance	2,400
Delivery Van Expenses	3,500
Sales Office Expenses	12,800
Donations	5,000
Stores Expenses	6,500
Material Handling	4,500
Loss on sale of office furniture	250



Cost of defective work	5,800
Coal, Gas, Water	6,400
Audit Fees	8,000
Goodwill written off	2,000
Underwriting commission	1,000
Interest on Bank loan	1,500
Legal charges	8,000
Samples	4,500
Packing	8,600
Show Room Expenses	2,400

Prepare Cost Sheet showing Cost of Production and Profit per unit of output.

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