

Cost and Management

Accounting

2008 November

Commerce SYBCom

Semester 3

University Exam

Mangalore University

Credit Based Third Semester B.Com. Degree Examination

October / November 2008

(Credit Based Semester Scheme)

COMMERCE**COST AND MANAGEMENT ACCOUNTING - I**

Time : 3 Hours

Max.Marks: 120

Note: Giving working notes wherever necessary.**SECTION-A****Answer any FOUR from the following:****4x6=24**

1. Define the terms "Costing", "Cost Accounting" and "Cost Accountancy".
2. What is purchase order ? Give a specimen of purchase order.
3. Explain the meaning of idle time and suggest its treatment in costing.
4. What is Time Booking ? What are its objectives?
5. A firm purchased a raw-material 'Z' from venus company Ltd., Quantity purchased 4500 Kgs at Rs. 20 per kg. Company allows a trade discount of 10%, sales tax is 4%, freight: Rs. 2 per kg. inspection charges Re. 0.10 per kg inspected. Unloading charges 15 paise per kg. Provide for damages 1%.
Calculate the purchase cost of materials.
6. Calculate the earnings of workers A and B under Taylor's differential piece rate system from the following particulars.
Normal rate per hour Rs. 24. Standard time per unit 30 seconds.
Differentials to be applied, 80% of piece rate. Below standard; 120% of piece rate at or above standard. Worker 'A' produces 800 units per day and worker 'B' produces 1000 units per day.

SECTION-B**Answer any FOUR from the following:****4x12=48**

7. Bharath Printers has been asked to quote the price for supplying 2000 invitation cards. The cost records for 1000 invitation cards of the firm give the following information for the month of August 2007.

	Rs.
Direct Materials	4,000
Direct Wages	3,000
Production Overheads	1,500

Sales 1000 cards at Rs. 10 each. You are required to quote the price for 2000 cards (similar) considering the following:

- (1) Material cost to increase by 5%
- (2) Labour rate to increase by 10%.

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- (3) Production overheads to be absorbed on the basis of direct wages.
 (4) Profit percentage on sale to remain the same.
8. Ram Enterprises manufactures a product M. The following particulars are available.
 Cost of placing an order Rs. 100
 Annual carrying cost per unit Rs. 3.25
 Minimum usage 25 units per week
 Maximum usage 75 units per week
 Re-order period : 4 to 6 weeks
 Calculate
 a) Re-order Quantity
 b) Re-order Level
 c) Minimum Level
 d) Maximum Level
9. Explain various methods of costing with examples.
 10. What is Perpetual Inventory Control ? Explain its superiority to periodic inventory system.
 11. Explain the steps involved in purchase of materials.
 12. Explain the classification of costs on the basis of their behaviour with illustrations.

SECTION-C

Answer any TWO from the following:

2x24=48

13. Explain the differences between Cost Accounting and Financial Accounting.
 14. What is Labour Turnover ? What are its causes ? How do you measure it?
 15. From the following particulars write up a stores ledger card in the prescribed form using FIFO Method.

August 2007

1	Opening balance 250 units at a total value of Rs. 275
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. 1.40 per unit
20	Stock verification revealed a loss of 20 units
21	Issued 100 units

Contd... 3

- 23 Returned to Vendors 30 units, received on 18th August
 25 Transferred from Job A to Job B, 50 units
 26 Received 200 units at Re. 1 per unit
 28 Freight paid on purchase made on 26th August, Rs. 70
 30 Issued 150 units
 31 Excess of 5 units were found on stock verification.

16. The following cost details are available from the cost books of a concern for the year ended 31.12.2007

	Rs.
Factory wages	6,00,000
Purchase of materials	7,20,000
Carriage inwards	8,640
Consumable stores	36,000
Wages of foreman	48,000
Wages of store keeper	6,000
Manager's salary (Factory $\frac{3}{4}$, $\frac{1}{4}$ office)	72,000
Employee state insurance	6,000
Power and Fuel	54,000
Drawing office salaries	36,000
Printing and Stationery	12,000
Counting House salaries	12,000
Stock cr: 1.1.2007	
Raw-materials	1,20,000
Work in progress	22,800
Finished products	6,000 units
Debtors Interest	40,000
Donations	5,000
Payment of sales tax	24,000
Sales	19,00,000
Stock on 31.12.2007	
Raw - materials	1,33,000
WIP	96,000
Finished Products	12000 units

Selling and distribution expenses are to be charged at Re. 1 per unit. During the year, 96,000 units were produced.

Prepare a cost sheet showing different elements of cost and profit.

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