

Cost and Management

Accounting

2007 November

Commerce SYBCom

Semester 3

University Exam

Mangalore University

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**Credit Based Third Semester B.Com. Degree Examination**  
**October / November 2007**  
**(Credit Based Semester Scheme)**  
**COMMERCE**  
**COST AND MANAGEMENT ACCOUNTING - I**



Time : 3 Hours

Answer ALL the questions.

**SECTION - A**

Answer any FOUR questions out of 6 questions. Each question carries 6 marks.

**(4x6=24)**

1. Give the meaning of Cost Accounting and Management Accounting?
2. What is a Cost Unit ? State its two types with examples.
3. What is fixed cost ? State its features.
4. What is idle time ? What are its causes?
5. Medical Aids Co. manufactured a special product. The following particulars were collected for the year 2006:

Cost of placing an order	Rs. 100
Annual carrying cost per unit	Rs. 15
Usage of material per week:	
Minimum	25 units
Maximum	75 units
Re-order period	4 to 6 weeks
Find the Economic Ordering Quantity.	

6. From the information given below compute the earnings of workers Ram and Rahim on Taylor's differential piece rate system:

Standard production	8 units per hour
Normal Time Rate	Rs. 4 per hour
Differentiate : 80% of piece rate below standard and 120% of piece rate at or above standard.	

In a day of 8 hours Ram produced 54 units and Rahim produced 75 units.

**SECTION - B**Answer any FOUR questions out of 6 questions. Each question carries 12 marks. **48**

7. Explain the objectives of cost accounting.
8. What is centralized purchasing? What are its merits and demerits?

Contd... 2

9. What is Time Booking ? What are its objectives ? How it differs from Time Keeping?
10. Explain the essentials of a Wage Plan.
11. The following quotation is received from a supplier in respect of Material 'N':
 

Lot price	Rate per Kg. (Rs.)
100 Kg	5=00
500 Kg	4=50
1000 Kg	4=00

Trade discount 20% and cash discount 5%, if payment is made within 15 days. One container is required for every 100 kgs of the material and containers are charged at Rs. 10 each but credited with Rs. 9 if returned within 3 months. Transportation charges for any order are Rs. 50 and storage charges are Rs. 15. Assuming that concern pays up the bill within the due date calculate the purchase price of material when it decides to buy 500 Kgs of the material.
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. 1=50 per hour. Material cost of the job is Rs. 16 and overheads are recovered at 200% of total direct wages. Calculate factory cost of the job under Rowan and Halsey Premium Plans.

**SECTION - C**

**Answer any TWO questions out of 4 questions. Each question carries 24 marks.**

13. What are the limitations of financial accounting? How are these limitations overcome by cost accounting?
14. What is meant by Labour Turnover? What are the reasons for it ? Explain its effects.
15. Prepare a Stores Ledger Account from the following details using LIFO method of pricing the issue of materials:

2005			
April	1	Opening Balance	10850 kg @ Rs. 130 per kg
	5	Purchased	20000 kg @ Rs. 134 per kg
	7	Issued	6750 kg
	9	Issued	8500 kg
	10	Received back	550 kg from production dept
	15	Purchased	17550 kg @ Rs.128 per kg
	18	Issued	11250 kg
	20	Stock verification - shortage	250 kg
	22	Issued	8950 kg
	24	Issued	6300 kg
	26	Purchased	10000 kg @ Rs. 132 per kg
	30	Issued	7750 kg

**Contd... 3**

16. Akashdeep Ltd. furnishes the following for the month of Sept. 2007

	Rs.
Stock on 31st Aug. 2007	
Materials	15,000
W-I-P	14,000
Stock on 30th Sept. 2007;	
W-I-P	15,200
Finished stock - 1,000 units	
Purchases	97,000
Direct Wages	96,000
Factory Supplies	8,000
Trade Magazines	1,600
Manager Salary	16,600
Depreciation - Furniture	1,800
Debenture Interest	4,500
Sales (15,000 units)	315,000
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 of output.

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