

**Cost and Management**

**Accounting**

**2010 December**

**Commerce SYBCom**

**Semester 3**

**University Exam**

**Mangalore University**



Reg. No.

--	--	--	--	--	--	--	--	--	--

BCMCMC 203

Credit Based Third Semester B.Com. Degree Examination, Nov./Dec. 2010  
(Credit Based Semester Scheme)  
COMMERCE (Optional)  
Cost and Management Accounting – I  
(Common to Freshers and Repeaters).

Time : 3 Hours

Max. Marks : 120

## SECTION – A

Answer any four from this Section :

(4×6=24)

1. What are the advantages of cost accounting system to the workers ?
2. Write a note on classification of cost by behaviour.
3. What are the advantages of perpetual inventory system ?
4. What is overtime ? What are the causes of overtime ?
5. How you treat the following items while preparing the cost sheet ?
  - i) Commission on sales.
  - ii) Legal expenses.
  - iii) Unproductive wages.
  - iv) Cost of special design.
  - v) Estimating expenses.
  - vi) Warehouse salaries.
  - vii) Milk used for making ice-cream.

P.T.O.

Visit [www.shaalaa.com](http://www.shaalaa.com) for more question papers.



- viii) Nails used in shoes.
- ix) Income tax.
- x) Drawing office salary.
- xi) Chargeable expenses.
- xii) Interest on loan.

6. A supplier quotes for Material 'N' as follows :

Lot price	200 kgs at Rs. 2.50 per kg
	500 kgs at Rs. 1.75 per kg
	800 kgs at Rs. 1.25 per kg

He allows a trade discount of 25% and a cash discount of 3%, if payment is made within 15 days. One container is required for every 100 kgs of the materials and the containers are charged at Rs. 15 each but credited at Rs. 10 on return. The buyer decides to buy 800 kgs. Transport charges amounting to Rs. 100 are charged by the supplier. Calculate the purchase price of 800 kgs.

SECTION - B

Answer any four from this Section :

(4×12=48)

- 7. Distinguish between Bin Card and Stores Ledger.
- 8. Explain different techniques of cost accounting.
- 9. 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.

2009 November 1	Opening stock 2,000 units at Rs. 5 each
3	Issued 1,500 units to production
4	Received 4,500 units at Rs. 6 each
8	Issued 1,600 units to production



- 9 Returned to stores 100 units by production department, issued on Nov. 3
- 16 Received 2,400 units at Rs. 6.50 each
- 19 Returned to supplier 200 units out of quantity received on Nov. 4
- 20 Received 1,000 units at Rs. 7 each
- 24 Issued to production 2,100 units
- 27 Received 1,200 units at Rs. 7.50 each
- 29 Issued to production 2,800 units

10. From the following particulars, work out the earnings per week of a worker under :

- i) Taylor's differential piece rate system.
- ii) Halsey Premium Plan.
- iii) Rowan's Plan.

Number of working hours per week	48
Wages per hour	Rs. 3.75
Normal piece rate	Rs. 1.50
Normal time per piece	20 minutes
Normal output per week	120 units

Differential piece rate :

- 80% of normal piece rate when output is below standard.
- 120% of normal piece rate when output is above standard.

Actual output per week :

Worker A	150 units
Worker B	110 units



11. What is time booking ? What are the different methods of time booking ?
12. In respect of a factory the figures have been obtained for the year 2009 :

	Rs.
Cost of materials	3,00,000
Direct wages	2,50,000
Factory overheads	1,50,000
Administration overheads	1,68,000
Selling overheads	1,12,000
Distribution charges	70,000
Profit	2,10,000

A work order has been executed in 2010 and the following expenses have been incurred :

Materials Rs. 4,000 and wages Rs. 2,500.

Assuming that in 2010 the rate of factory charges has increased by 20%, distribution charges have gone down by 10% and selling and administration charges have each gone up by 12½% at what price should the product be sold so as to earn the same rate of profit on the selling price as in 2009 ?

Factory overheads is based on direct wages, while all other overheads are based on factory cost.



## SECTION – C

Answer any two from this Section :

(2×24=48)

13. What are the limitations of financial accounting system and cost accounting system ?
14. What do you mean by Labour Turnover ? What are its effects and causes ? How can it be controlled ?
15. From the following particulars pertaining to material "MIX", prepare a stores ledger card using LIFO method of pricing the material during 2010.

February 1, 2010 Opening stock 600 units @ Rs. 40 per unit.

Purchases during February 2010 :

Date	Quantity	Rate (Rs.)	GRN No.
Feb. 10	400	38	446
Feb. 20	480	44	447
Feb. 25	200	48	449
Feb. 27	225	51	451

Issues during February 2010 :

Date	Quantity	MRN No.	Dept.
Feb. 6	500	617	A
Feb. 16	130	620	B
Feb. 26	360	716	T
Feb. 28	217	728	X

**Additional Information :**

- February 14 Received back from Department A 30 units.
- February 18 Shortage of 20 units as per stock verification.





16. The following details are available from the books of National Sea Products Ltd., for the year ending 31<sup>st</sup> December, 2009.

	Rs.
Direct wages	6,00,000
Purchase of materials	7,20,000
Wages of foremen and storekeepers	48,000
Other indirect wages	6,000
Cost of research and experiments	30,000
Office managers salary	72,000
Employees state insurance	6,000
Power, fuel and haulage	54,000
Drawing office expenses	36,000
Printing and stationery	12,000
Counting house salary	12,000
Other materials	36,000
Carriage inwards	8,640
Sales	18,00,000
Stock on 1-1-2009 :	
Raw materials	1,20,000
Work in progress	28,800
Finished products (units) 6,000	



Stock on 31-12-2009 :

Raw materials	1,33,440
Work in progress	96,000
Finished products (units) 12,000	
Income tax	22,000
Donations	5,000

Selling and distribution expense is to be charged at Rupee 1 per unit. During the year units produced 96,000.

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