Cost and Management Accounting

2009 December

Commerce SYBCom

Semester 3

University Exam

Mangalore University

Reg. No. | | | | | | | | | |

BCMCMC 203

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Credit Based III Semester B.Com. Degree Examination, November/December 2009
(Credit Based Semester Scheme)
COMMERCE
Cost and Management Accounting – I

Time : 3 Hours

Max. Marks : 120

SECTION – A

Answer **any four** of the following questions carrying equal marks : (4×6=24)

1. Describe briefly the objectives of Cost Accounting.

2. Explain Cost Centre and Cost Unit.

3. What do you mean by (a) Waste (b) Scrap (c) Spoilage (d) Defectives ?

4. The following quotation is received for the supply of a chemical :

   300 kg – Rs. 90 per kg

   400 kg – Rs. 85 per kg

   500 kg – Rs. 80 per kg

   Cash Discount is allowed @ 5% if payment is made within one month. Trade Discount is allowed @ 25%.

   Freight and Forwarding Charges are levied at Rs.1,000. One container is required for every 50 kg of chemicals. For each container, Rs. 75 is charged. However, credit will be allowed at Rs. 40, if the containers are returned within one month. Calculate the purchase price per kg of chemicals assuming that the containers are returned within one month.

P.T.O.

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5. Describe the Time Rate System and Piece Rate System.

6. Using the following data, calculate the total remuneration payable to a worker under Halsey Plan and Rowan's Plan :

   Standard Time : 48 Hours; Time Taken : 42 Hours; Time Rate : Rs. 60 Per Hour.

SECTION – B

Answer **any four** of the following questions carrying **equal** marks : **(4×12=48)**

7. What are the limitations of Financial Accounting ?

8. What is ABC System of Inventory Control and what are its advantages ?

9. The details of materials required in the Production Department of a manufacturing concern are given below. Using the information, prepare the Stores Ledger under Weighted Average Method :

   The other details are :

   Dec. 1, 2008 – Opening Balance on 850 units @ Rs. 8 per unit

   Dec. 8 – Issued 150 units

   Dec. 10 – Issued 300 units

   Dec. 13 – Purchased 400 units @ Rs. 9 per unit

   Dec. 15 – Issued 300 units

   Dec. 18 – Shortage 10 units

   Dec. 20 – Purchased 200 units

   Dec. 21 – Excess found 20 units

   Dec. 25 – Issued 400 units

   Dec. 28 – 5 units issued on Dec. 15 was returned from the Production Department.

10. Using the following information, calculate Maximum, Minimum and Reorder Levels :

    Normal Usage : 50 per week; Minimum Usage : 25 per week;

    Maximum Usage : 75 per week; Re-order Quantity : 300

    Re-order Period : 4-6 weeks.

11. Write a note on Time Booking.

12. From the following information, calculate the earnings of A, B, C and D under Taylor's Differential Piece Rate System.

The working hours in a week consisted of 48 hours

Standard Output : 2 units per hour

Time Rate : Rs. 30 per hour

Actual Output : A – 90 units; B – 95 units; C – 96 units; D – 103 units.

SECTION – C

Answer any two of the following questions carrying equal marks : (2×24=48)

13. Following particulars are available for the year ending December 31, 2008 :

Stock	1-1-2008	31-12-2008
Raw Materials (Rs.)	40,000	44,480
Finished Goods (Units)	2,000	4,000
Work in Progress (Rs.)	9,600	32,000

	Rs.		Rs.
Purchase of Raw Material	2,40,000	Indirect Materials	12,000
Work's Manager's Salary	16,000	Direct Wages	2,00,000
Carriage Inwards	2,880	Printing and Stationery	4,000
Indirect Wages	2,000	Office Salary	24,000
Research and Development	10,000	Counting House Salary	4,000
ESI	2,000	Other Factory Expenses	22,000
Sales	6,00,000		

Advertising and Selling Overheads amounted to Rs. 2 per unit. Total output is 32,000. Prepare a Cost Sheet.

.. What are the differences between Cost Accounting and Financial Accounting ?

i. The following data relates to an output of 10,000 units manufactured :

	Rs.		Rs.
Materials	90,000	Rectification cost of Defectives	3,000
Direct Wages	60,000	Office salary	33,500
Power	12,000	Selling Expenses	5,500
Factory Indirect Wages	15,000	Sale of Scrap	2,000
Factory Lighting	5,500	Plant Repairs	11,500
Selling Price Per Unit	32		

For the next year, the selling price could be reduced to Rs. 31. It is estimated that production can be increased by 50% due to spare capacity. Rates of materials and direct wages will increase by 10%.

You are required to prepare a cost sheet for the current year and also an estimated cost sheet for the next year assuming that factory overhead will be recovered as a percentage of direct wages and office and selling expenses as a percentage of works cost.

16. Explain the merits and demerits of Centralised Buying and Decentralised Buying.