



Maintenance

# Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

## Continuous Internal Assessment Test - I August 2024

### III Semester

Class: II UG

Course: B.Com CA

Time: 2 Hours

Max. Marks: 60

### 23BCCC07 Cost and Management Accounting

#### Course Outcome:

CO1: Understand the basic of Cost and Management Accounting

CO2: Ability to determine cost of Products and Services

CO3: Critically analyse relevant costs and provide recommendations for decision making.

CO4: Analyse the financial statements of a company.

CO5: Prepare plans and budgets and analyse variances from standard cost to pinpoint areas that need control.

#### Part A

#### Circle the correct Answer

6 x 1 = 6

- Calculate the prime cost from the following information: **CO1:K1**  
Direct material purchased: Rs. 1,00,000, Direct material consumed: Rs. 90,000  
Direct labour: Rs. 60,000, Direct expenses: Rs. 20,000,  
Manufacturing overheads: Rs. 30,000  
(a) Rs. 1,80,000 (b) Rs. 2,00,000 (c) Rs. 1,70,000 (d) Rs. 2,10,000
- Element/s of Cost of a product are: **CO1:K1**  
(a) Material only (b) Labour only  
(c) Expenses only (d) Material, Labour and expenses
- Total cost of a product: Rs. 10,000, Profit: 25% on Selling Price **CO2:K1**  
Profit is:  
(a) Rs. 2,500 (b) Rs. 3,000 (c) Rs. 3,333 (d) Rs. 2,000
- Allotment of whole item of cost to a cost centre or cost unit is known as: **CO2:K1**  
(a) Cost Apportionment (b) Cost Allocation  
(c) Cost Absorption (d) Machine hour rate
- The main aim of management accounting is to assist management in **CO3:K1**  
(a) cost control (b) increase sales  
(c) effective management (d) decision making and control
- The process of identifying the financial strengths and weakness of the firm by properly establishing the relationship between the items of the balance sheet and the profit and loss account is **CO3:K1**  
(a) Profit analysis (b) financial analysis (c) solvency analysis (d) cost analysis

#### Part B

3 x 6 = 18

#### Answer ALL questions

Each answer should not exceed 400 words or two pages

7. a) Calculate prime cost from the following particulars for a production unit: **CO1:K3**

|  | Rs.    |
|--|--------|
| Cost of material purchased                       | 30,000 |
| Opening stock of material                        | 6,000  |
| Closing stock of material                        | 4,000  |
| Wages paid                                       | 3,000  |
| Rent of hire of a special machine for production | 5,000  |

(OR)

- b) Calculate maximum level; minimum level and reorder level from the following **CO1:K3**
- |                     |                    |  |
|---------------------|--------------------|--|
| Re-order quantity   | 1,500 units        |  |
| Re-order period     | 4 to 6 weeks       |  |
| Maximum consumption | 400 units per week |  |
| Normal consumption  | 300 units per week |  |
| Minimum consumption | 250 units per week |  |
8. a) Calculate workers recruited and joined from the following: **CO2:K3**  
Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 8.

(OR)

- b) Rate per Hour = Rs. 1.50 **CO2:K3**  
Time allowed for = 20 Hours  
Time taken = 15 Hours  
Calculate the total earnings of the worker under the Halsey Plan. Also find out effective rate of earning.

9. a) In a light engineering factory, the following particulars have been collected for the three months period ended on 31<sup>st</sup> March 2018. You are required to re-apportion the service department expenses to production department CO2:K4  
 Apportion the expenses of service department S2 in proportion of 3:3:4 and those of service department S1 in the ratio of 3:1:1 to departments P1, P2 and P3 respectively

| Expenses as per Primary Distribution Summary | Production Department |          |           | Service Department |           |
|--|-----------------------|----------|-----------|--------------------|-----------|
|  | P1                    | P2       | P3        | S1                 | S2        |
|  | Rs. 8,850             | Rs.7,165 | Rs. 6,285 | Rs.4,515           | Rs. 6,010 |

- b) Explain the objectives of Management Accounting. CO3:K3

**Part C**

3 x 12 = 36

**Answer ALL questions**

**Each answer should not exceed 800 words or four pages**

10. a) Bombay Manufacturing company submits the following information on 31-3-2022 CO1: K4

Sales for the year Rs. 2,75,000

Inventories at the beginning of the year- Raw Materials 3,000, Work in Progress 4,000, Finished Goods Rs. 1,10,000

Purchase of materials Rs. 65,000 and Direct Labour Rs. 6,000

Inventories at the end of the year - Raw Materials Rs. 4,000;

Work in Progress Rs. 6,000, Finished Goods Rs. 8,000

Other expenses for the year –

Selling expenses Rs.27,500, Administrative expenses Rs.13,000, Factory overheads Rs.40,000. Prepare Statement of cost.

(OR)

- b) Prepare a statement showing cost and profit for the year ended 31.12.2022. CO1: K4  
 Calculate the percentage of profit on sale

|                                   | 1.1.2022 (Rs) | 31.12.2022(Rs) |
|-----------------------------------|---------------|----------------|
| Raw Materials                     | 1,00,000      | 1,50,000       |
| Financial Goods                   | 70,000        | 45,000         |
| Working in progress               | 30,000        | 35,000         |
| Purchase of raw material          | 1,55,000      |                |
| Direct wages                      | 75,000        |                |
| Indirect wages                    | 5,000         |                |
| Works expenses                    | 45,000        |                |
| Administrative expenses           | 20,000        |                |
| Sale of factory scrap             | 2,000         |                |
| Selling and distributive expenses | 25,000        |                |
| Sale of finished goods            | 4,25,000      |                |

- 11.a) Two components A and B are used as follows : CO2: K4

|   |                                      |
|---|--------------------------------------|
| Average consumption                       | 40 units                             |
| Normal Usage                              | 50 units per week each               |
| Minimum Usage                             | 25 units per week each               |
| Maximum usage                             | 75 units per week each               |
| Re-order quantity                         | A : 300 units<br>B : 500 units       |
| Re-order period                           | A : 4 to 6 weeks<br>B : 2 to 4 weeks |
| Maximum lead time for emergency purchases | A : 1 day<br>B : 2 days              |

Calculate each component :

- (a) Re-order level, (b) Minimum level, (c) Maximum Level, (d) Average stock level (e) and Danger level.

(OR)

- b) For a certain work order, the standard time is 20 hours, wages Rs.5 per hour, the actual time taken is 13 hours and factory overhead charges are 80% of standard time. CO2: K3

Set out a comparative statement showing the effect on paying wages on

- (i) the Halsey, and (ii) The Rowan Incentive Bonus System.

- 12.a) The following particulars relate to a manufacturing company which has three production departments P1, P2 and P3 and two service departments S1 and S2. CO3: K4

| Total departmental overheads as per primary distribution Rs | Production Department |          |           | Service Department |           |
|---|-----------------------|----------|-----------|--------------------|-----------|
|   | P1                    | P2       | P3        | S1                 | S2        |
|   | 6,300                 | Rs.7,400 | Rs. 2,800 | Rs.4,500           | Rs. 2,000 |

The company decided to charge the service departments cost on the basis of following percentage:

| Service Department | Production Department |     |     | Service Department |     |
|--------------------|-----------------------|-----|-----|--------------------|-----|
|                    | P1                    | P2  | P3  | S1                 | S2  |
| S1                 | 40%                   | 30% | 20% | -                  | 10% |
| S2                 | 30%                   | 30% | 20% | 20%                | -   |

Find out total overheads of production departments charging service departments costs to production departments on repeated distribution.

(OR)

b) The Balance Sheet of S & Co and K & Co are given as follows:

CO3:K4

Balance Sheets as at 31-03-2022

| Particulars                              | S & Co(Rs.)     | K & Co(Rs.)     |
|--|-----------------|-----------------|
| <b>Equity and Liabilities</b>            |                 |                 |
| <b>Shareholder's Funds</b>               |                 |                 |
| Share Capital:                           |                 |                 |
| Preference Share Capital                 | 1,20,000        | 1,60,000        |
| Equity Share Capital                     | 1,50,000        | 4,00,000        |
| Reserves and Surplus                     | 14,000          | 18,000          |
| <b>Non-Current Liabilities</b>           |                 |                 |
| Long-term Loans                          | 1,15,000        | 1,30,000        |
| <b>Current Liabilities</b>               |                 |                 |
| Trade Payables:                          |                 |                 |
| Bills Payable                            | 2,000           | -               |
| Sundry Creditors                         | 12,000          | 4,000           |
| Outstanding Expenses                     | 15,000          | 6,000           |
| Proposed dividend (Short-term Provision) | 10,000          | 90,000          |
|  | <b>4,38,000</b> | <b>8,08,000</b> |
| <b>Assets</b>                            |                 |                 |
| <b>Non-Current Assets</b>                |                 |                 |
| Tangible Assets:                         |                 |                 |
| Land and Building                        | 80,000          | 1,23,000        |
| Plant and Machinery                      | 3,34,000        | 6,00,000        |
| <b>Current Assets</b>                    |                 |                 |
| Temporary Investment                     | 1,000           | 40,000          |
| Inventories                              | 10,000          | 25,000          |
| Trade Receivables (Book Debt)            | 4,000           | 8,000           |
| Prepaid Expenses( Other Current Assets)  | 1,000           | 2,000           |
| Cash and Cash Equivalents:               |                 |                 |
| Cash and Bank Balances                   | 8,000           | 10,000          |
|  | <b>4,38,000</b> | <b>8,08,000</b> |

Compare the financial position of two companies with the help of common size balance sheet.

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