

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2015-2016)**

**SUBJECT CODE : 15CM/MC/CM25**

**B.Com. (A & F) DEGREE EXAMINATION APRIL 2016**  
**ACCOUNTING AND FINANCE**  
**SECOND SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : COST AND MANAGEMENT ACCOUNTING**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

**SECTION – A**

**ANSWER ALL QUESTIONS (Maximum 50 words):** **(10 x 2 = 20)**

1. What is cost Accounting?
2. What is meant by prime cost?
3. What is fixed overhead?
4. What is trend analysis?
5. What is cash from operations?
6. Calculate work cost from the following:

Materials	: Rs.60, 000	<u>Work in progress:-</u>	
Labour	: Rs.40, 000	Opening Stock	: Rs.10, 000
Direct expenses	: Rs.10, 000	Closing Stock	: Rs. 8, 000
Factory overhead	: Rs.50, 000		
7. Calculate the Economic order quantity from the following particulars:

Annual usage	: 20,000 units,
Buying cost per order	: Rs.10,
Cost per unit	: Rs.100,
Cost of carrying inventory	10% of cost.
8. Ascertain earnings of worker under Halsey plan:

Standard time	: 40 hours,
Actual time	: 30 hours,
Time rate	: Rs.3 per hour.
9. Calculate current assets and quick assets:

Current ratio	: 1;5;1
Quick ratio	: 1;1
Current Liabilities	: Rs.50, 000.

10. Find out the provision for Income tax made during the financial year 2011-12.

	Rs.
Balance of provision for tax on 1.4.2011	2, 65,000
Balance of provision for tax on 31.3.2012	2, 90,000
Tax paid during the year 2011-12	3, 00,000

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:**

**(5 x 8 = 40)**

11. From the following particulars prepare Stores Ledger Account under 'FIFO' method of pricing review:

2002 Jan 1	Opening balance	50 units @ Rs.30 per unit
5	Issued	20 units
7	Purchased	48 units @ Rs.40 per unit
9	Issued	20 units
19	Purchased	36 units @ Rs.35 per unit
24	Received back 10 units out of the unit issued on 9 <sup>th</sup> January	
27	Issued	15 units

12. From the following information prepare cost and Financial profits Reconciliation Statement :

Particulars	Rs.
Profit as per costing Books	45,030
Income tax provided in Financial books	4,000
Bank Interest (or) in Financial book	150
Depreciation recovered in cost Books	3,000
Depreciation charged in financial books	2,800
Works overhead over recovered	550
Administrative overhead under recover	450
Increase in Investment not included in cost A/c	1,200
Stores Adjustment (credit in financial books)	120

13. Calculate the normal and over time wages payable in a workman from the following data:

Days	Hourly worked
Monday	8
Tuesday	12
Wednesday	10
Thursday	10
Friday	9
Saturday	4
	53

Normal working hours - 8 hours per day

On Saturdays - 4 hours

Overtime rate upto 9 hours in a day at Double rate (or) Upto 48 hours in a week at Single rate over 48 hours at Double rate, wherever more beneficial to the workers.

14. Calculate Machine Hour Rate from the following:

- Cost of machine Rs.19,200
- Estimated scrap Rs.1,200
- Repair charges per month Rs.150
- Standing charges allocation to Machine per month Rs.50
- Effective working life of machine 10,000 hours
- Running time per month 166 hours
- Power used by machine: 5 units per hour @ 19 paise per unit.

15. You are requested to prepare common size Balance sheet and compare the position of the shareholders as on 31.3.2007 from the following:

	S.V. Ltd Rs.	K.S. Ltd. Rs.
Fixed Assets	40,000	5,00,000
Inventories	25,000	1,00,000
Receivables	20,000	2,00,000
Cash	15,000	2,00,000
Capital	30,000	3,00,000
Reserve	40,000	1,00,000
Loan (Long term)	20,000	2,00,000
Current Borrowings	10,000	4,00,000

16. Calculate funds from operations from the following:

**Profit & Loss A/c**

Particulars	Rs.	Particulars	Rs.
To Administrative Expenses	25,000	By Gross Profit	2,15,000
To Selling Expenses	16,000	By Interest on Investment	5,000
To Depreciation	26,000	By Profit on Sale of Machinery	4,000
To Loss on Sale of building	6,000		
To Goodwill written off	5,000		
To Discount on issue of Debenture	2,000		
	<b>2,24,000</b>		<b>2,24,000</b>

17. From the following figures calculate the creditors turnover rate and the average payment period.

	Rs.
Credit purchases during 2011	1,00,000
Creditors 1.1.2011	20,000
Creditors 31.12.2011	10,000
Bills payable 1.1.2011	4,000
Bills payable 31.12.2011	6,000

**SECTION – C**

**ANSWER ANY TWO QUESTIONS:**

**(2 x 20 = 40)**

18. From the following Information prepare a cost sheet for the month of Dec 2005.

	Rs.
Stock on hand 1.12.2005 Raw Materials	25,000
Finished goods	17,300
Stock on hand 31.12.2005 Raw Materials	26,200
Finished goods	15,700
Purchase of Raw Materials	21,900
Carriage on purchase	1,100
Work in progress 1.12.2005	8,200
Work in progress 31.12.2005	9,100
Sale of finished goods	72,300
Direct Wages	17,200
Non Productive Wages	800
Direct Expenses	1,200
Factory O/H	8,300
Administrative O/A	3,200
Selling and Distribution overhead	4,200

19. A company has three production departments A, B and C and two service departments X and Y.

The following particulars are available for January, concerning the organisation.

	Rs.
Rent	15,000
Municipal Taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000

Following further details are also available:

Particulars	Total	Production Departments			Service Departments	
		A	B	C	X	Y
Floor space (sq.mts.)	5,000	1,000	1,250	1,500	1,000	250
Light point (Nos.)	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of machines (Nos.)	150	60	30	50	10	
Cost of Machines (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000
Working hours		2,335	1,510	1,525		

The expenses of service departments are to be allocated in the following manner:

	A	B	C	X	Y
X	20%	30%	40%	---	10%
Y	40%	20%	30%	10%	---

You are required to calculate the overhead absorption rate in respect of the three production department.

20. The following are the summarized Profit and Loss Account of Rajhans Products Ltd. for the year ending 31<sup>st</sup> December, 1998 and the Balance Sheet as on that date:

**PROFIT AND LOSS ACCOUNT**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	9,950	By Sales	85,000
To Purchases	54,525	By Closing Stock	14,900
To Incidental Expenses	1,425		
To Gross Profit c/d	34,000		
	<u>99,900</u>		<u>99,900</u>
To Operating Expenses		By Gross Profit b/d	34,000
Selling and Distribution	3,000	By Non-operating Income:	
Administration	15,000	Interest	300
Finance	<u>1,500</u>	Profit on sales of shares	<u>600</u>
To Non-operating Expenses :			900
Loss on Sale of Assets	400		
To Net Profit	15,000		
	<u>34,900</u>		<u>34,900</u>

**BALANCE SHEET**

Liabilities	Rs.	Assets	Rs.
Issued Capital:		Land & Buildings	15,000
2,000 Equity Shares of Rs. 10 each	20,000	Plant & Machinery	8,000
Reserve	9,000	Stock-in-trade	14,900
Current Liabilities	13,000	Sundry Debtors	7,100
Profit & Loss A/c	6,000	Cash & Bank Balances	3,000
	<u>48,000</u>		<u>48,000</u>

You are required to calculate:

- |                         |                              |
|-------------------------|------------------------------|
| a) Current ratio        | e) Return on Total Resources |
| b) Operating Ratio      | f) Turnover of Fixed Assets  |
| c) Stock-turnover ratio | g) Gross Profit Ratio        |
| d) Liquid Ratio         | h) ROI                       |

21. Malar Ltd. Furnishes the following Balance Sheet for the year ending 31.12.2005 - 2006, You are required to prepare a cash flow statement for the year ended 31.12.2006.

**Balance Sheet**

Liabilities	2005	2006	Assets	2005	2006
Share Capital	20,000	20,000	Goodwill	2,400	2,400
General Reserve	2,800	3,600	Land	8,000	7,200
Profit & Loss A/C	3,200	2,600	Building	7,400	7,200
Sundry Creditors	1,600	1,080	Investments	2,000	2,200
Outstanding Expenses	240	160	Inventories	6,000	4,680
Provision for tax	3,200	3,600	Account receivables	4,000	4,440
Provision for Bad debts	80	120	Bank balance	1,320	3,040
	<b>31,120</b>	<b>31,160</b>		<b>31,120</b>	<b>31,160</b>

Following additional Information has been supplied:

- (i) A piece of Land has been sold for Rs. 800.
- (ii) Depreciation amounting to Rs. 1,400 has been charges on building.
- (iii) Provision for taxation has been made for Rs. 3,800 during the year.

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