

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-2016 and thereafter)
SUBJECT CODE : 15CM/MC/CM25

B.Com. (A & F) DEGREE EXAMINATION APRIL 2017
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. Define Management Accounting.
2. What is Ratio Analysis?
3. What do you mean by Overheads?
4. Explain the concept of Costing.
5. What is quotation?
6. Calculate the Economic order quantity from the following:
Annual usage 20000 units
Buying cost per order Rs.10
Cost per unit Rs.100
Cost of carrying inventory 10% of cost.
7. Find out the value of stock under FIFO:
Opening stock :200 units @ Rs.10 per unit
Purchase :500 units @ Rs.11 per unit
Issue :300 units
8. Ascertain Bonus under Halsey plan. Standard time 15 hours, Actual time 10 hours, Time rate Rs.2 per hour.
9. The following information relates to a production department of a factory: Production overheads Rs.40, 000. Machine hours 10,000. Calculate machine hour rate.
10. Ascertain the profit for 2009: Cost of Sales Rs.3, 00,000. Profit at 20% of Sales.

SECTION – B

ANSWER ANY FIVE QUESTIONS: **(5 x 8 = 40)**

11. The following cost data are available from the books for the year ended 31-12-2015:

	Rs.
Direct material	9,00,000
Direct wages	7,50,000
Profit	6,09,000
Selling and distribution overheads	5,25,000
Administrative overheads	4,20,000
Factory overheads	4,50,000

Prepare a cost sheet indicating the prime cost, works cost, production cost, cost of sales and sales value.

12. Compute the various stock levels from the following data:

Maximum consumption in a month _ 75 units.
 Minimum usage in a month _ 25 units.
 Average usage in a month _ 50 units.
 Time-lag for procurement of materials:
 Maximum 6 months
 Minimum 4 months
 Reorder quantity 300 units.

13. Calculate the total earnings from the following data under Halsey Plan and under Halsey-Weir plan.

Standard Time : 10 hours
 Time taken : 8 hours
 Time rate : Rs. 2.50 per hour

14. Work out the machine hour rate for the following machine whose scrap value is nil.

- Cost of machine Rs. 3,60,000
- Freight and installation Rs. 40,000
- Working life: 20 years
- Working hours: 8,000 per year
- Repair charges: 50% of depreciation
- Power: 10 units per hour @ 10 paise per unit
- Lubricating oil @ Rs. 2 per day of 8 hours
- Consumable stores @ Rs. 10 per day of 8 hours
- Wages of operator @ Rs. 4 per day

15. A manufacturing concern has three production departments and two service departments. In July 1990, the departmental expenses were as follows:

Production Departments	Rs.
A	16,000
B	13,000
C	14,000
Service Departments	
E	4,000
F	6,000

The service department expenses are charged out on a percentage basis, viz.,

	A	B	C	D	E
Expenses of department E	20%	25%	35%	-	20%
Expenses of department F	25%	25%	40%	10%	-

16. From the following details make out a proprietor's fund with as many details as possible.

- Current ratio 2.5
- Liquid ratio 1.5
- Proprietary ratio 0.75 (Fixed assets / Proprietor's fund)
- Working capital Rs.60,000
- Reserves and surplus Rs.40,000
- Bank overdraft Rs.10,000
- There is no long-term loan or fictitious assets.

17. Calculation of Funds from Operations:

Profit and Loss Account

	Rs.		Rs.
To Stock	2,90,000	By Sales	50,20,000
To Purchases	27,30,000	By Stock	3,40,000
To Wages	10,10,000	By Interest Received	10,000
To Salaries & Admn. Exp.	6,35,000	By Transfer from Div.	
To Depreciation	2,70,000	Equalisation Reserve	2,00,000
To Investment Reserve	1,20,000	By Profit on sale of	
To Patents	15,000	Machinery	20,000
To Provision for Income-Tax	2,70,000		
To Net Profit	2,50,000		
	55,90,000		55,90,000

SECTION – C**ANSWER ANY TWO QUESTIONS:****(2 x 20 = 40)**

18. From the following information prepare Cash Flow Statement for the year ended 31.12.2006.

BALANCE SHEETS as at 31st December

	2005	2006		2005	2006
	Rs.	Rs.		Rs.	Rs.
Capital	1,50,000	1,75,000	Land & Building	1,10,000	1,50,000
Bank Overdraft	1,60,000	1,00,000	Machinery	2,00,000	1,40,000
Bills Payable	50,000	40,000	Stock	50,000	45,000
Creditors	90,000	1,25,000	Debtors	70,000	80,000
			Cash	20,000	25,000
	4,50,000	4,40,000		4,50,000	4,40,000

Additional Information:

(a) Net Profit for the year 2006 amounted to Rs. 60,000.

(b) During the year, a machinery costing Rs. 25,000 (accumulated depreciation Rs. 10,000) was sold for Rs. 13,000. The provision for depreciation against machinery as on 31.12.2005 was Rs. 50,000 and on 31.12.2006 Rs. 85,000.

19. From the following details prepare a Balance sheet with as many details as possible.

Stock velocity	– 6
Capital turnover	– 2
(On cost of goods sold)	
Fixed assets turnover ratio	– 4
(On cost of goods sold)	
Gross profit on sales	– 20%
Debtors velocity	– 2months
Creditors velocity	– 73days

The Gross profit was Rs.60, 000. Reserves and surplus amounted to Rs. 20,000. Closing stock was Rs.5, 000 in excess of opening stock.

20. From the following particulars, prepare stores ledger by adopting LIFO and simple average method of pricing of material issues.

Date	Receipts	Issues
1990 Jan. 1	300 units at Rs. 10 per unit	
10	200 units at Rs. 12 per unit	
12	400 units at Rs. 11 per unit	
15		250 units
16		150 units
18	200 units at Rs.14 per unit	
20		300 units
22	300 units at Rs. 15 per unit	
25	100 units at Rs. 16 per unit	
27		200 units
31		100 units

21. The profit and loss account of Oil India (Pvt.) Ltd. for the year ended 31st March 2015 is as follows:

To Materials	Rs. 4,80,000	By Sales	Rs. 9,60,000
To Wages	3,60,000	By Closing stock	1,80,000
To Direct expenses	2,40,000	By Work-in-progress	
To Gross Profit	1,20,000	Materials	30,000
		Wages	18,000
		Direct expenses	12,000
	<u>12,00,000</u>		<u>60,000</u>
To Administrative expenses	60,000	By Gross Profit	1,20,000
To Net Profit	60,000		
	<u>1,20,000</u>		<u>1,20,000</u>

As per the records the direct expenses have been estimated at a cost of Rs. 30 per kg and administrative expenses at Rs. 15 per kg. The profit as per the costing records are Rs. 1,10,400. During the year 6,000 kg were manufactured and 4,800 kg were sold.

Prepare a statement showing costing profit/loss and reconcile the profits with financial records.
