

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16 and thereafter)
SUBJECT CODE:15CM/MC/CM25

B.Com. (A & F) DEGREE EXAMINATION APRIL 2018
ACCOUNTING AND FINANCE
SECOND SEMESTER

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

Section A

Answer ALL the questions.

(10 x 2 = 20)

1. What is Cost Accounting?

2. Calculate prime cost from the following details:

	Rs.
Direct material	20,000
Direct labour	8,000
Direct expenses	1,000

3. Explain ABC analysis.

4. From the following particulars calculate wages under Rowan plan

Standard Time	15 hours
Time Rate	Rs. 3 per hour
Time Taken	12 hours

5. What is meant by overhead?

6. The following information relates to a production department of a factory:

Production overhead Rs. 20,000; Machine hours 5,000. Calculate the machine hour rate.

7. Define Management Accounting.

8. Indicate common size of the following items in a common size Income statement.

Particulars	2016	2017
Sales	5,00,000	8,00,000
Cost of Sales	4,00,000	6,00,000
Gross Profit	1,00,000	2,00,000

9. What do you mean by Funds Flow Statement?

10. Find out cash from operation, from the given values:

Net profits	Rs. 50,000
Opening creditors	Rs. 10,000
Closing creditors	Rs. 15,000

Section B

Answer Any FIVE questions.

(5 x 8 = 40)

11. The profit as per cost accounts of a manufacturing company for the year ended 31st March 2013 was Rs.2,50,000. The following details were ascertained on comparison of cost and financial accounts.

	/2/ Cost Accounts Rs.	15CM/MC/CM25 Financial Accounts Rs.
Stock as on 01.04.2012		
– Raw materials	20,000	25,000
– Finished goods	28,000	26,000
Stocks as on 31.03.2013		
– Raw materials	17,000	18,000
– Finished goods	25,000	22,000
Interest charged (cost accounts only)	16,000	—
Preliminary expenses written off (in financial books)	—	1,500
Goodwill written off (in financial books)	—	2,500
Dividend on shares received(in financial books)	—	4,000

12. Calculate the earnings of 3 workers A, B and C under ‘Merricks Multiple Piece Rate System’ given the following:

Standard production for day: 150 units
Normal piece rate: Rs.0.50 per unit
Production of workers on a particular day:
A 120 units
B 140 units
C 160 units

13. Computation of Machine hour rate from the following:

Cost of the Machine Rs.11, 000
Scrap value Rs.680
Repairs for the effective working life Rs.1, 500
Standing Charges for 4 weekly periods Rs.40.
Effective working life 10,000 hours.
Power used 6 units per hour at 5 paise per unit.
Hours worked in 4 weekly period: 120 hours.

14. From the following details find out

- (a) Current assets
- (b) Current liabilities
- (c) Liquid assets
- (d) Stock

Current Ratio -2.5; Liquid ratio-1.5;
Working capital Rs.90, 000.

15. From the following particulars Calculate cash from operations

	2000 Rs.	2001 Rs.
Debtors	50,000	47,000
Bills Receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Accrued income	600	750
Income received in advance	300	250
Profit made during the year		1,30,000

16. The following transactions took place in respect of a material item:

Date	Receipt Quantity	Rate Rs.	Issue Quantity
2-08-2010	200	2.00	-
10-08-2010	300	2.40	-
15-08-2010	-	-	250
18-08-2010	250	2.60	-
20-08-2010	-	-	200

Prepare a stores ledger, pricing the issues at weighted average rate.

17. The accounts of Kanishgadevi Ltd. Show the following:

	Rs.
Material used	7,00,000
Direct labour	5,40,000
Works overhead	1,62,000
Establishment overhead	1,12,000

What price should the company quote to manufacture a machine which will require an expenditure of Rs. 1,000 in materials and Rs. 800 in wages so that it will yield a profit of 20% on selling price? Make necessary assumptions regarding percentages.

Section C

Answer Any TWO questions.

(2 x 20 = 40)

18. a) Prepare Stores ledger a/c under LIFO

- 1.1.15 Opening stock 200 units @ Rs.3
- 2.1.15 Received 300 units @ Rs.4
- 4.1.15 Issued 250 units
- 6.1.15 Received 100 units @ Rs. 2
- 10.1.15 Issued 200 units.

b) From the particulars given below, calculate earnings of two workers John and Ramani under straight piece rate system and Taylor's differential piece rate system.

Standard time per unit 36 seconds

Normal rate per hour Rs. 3

Differential rates to be applied:

80% of piece rate when below standard

120% of piece rate when at or above standard

The workers John and Ramani have produced in a day of 8 hours as follows:

John 700 units

Ramani 900 units

19. Ravi producing concern is divided into four departments. A, B and C are production departments and D is a service department. The actual expenses for a period are as follows:

	Rs.		Rs.
Rent	10,000	Supervisory expenses	15,000
Repairs to plant	6,000	Fire Insurance (on stock)	5,000
Depreciation to plant	4,500	Power	9,000
Lighting Expenses	1,000	Employer's liability for insurance	1,500

The following information is available in respect of the four departments.

Particulars	Departments			
	A	B	C	D
Area (Sq. feet)	1,500	1,100	900	500
Number of lights	75	11	9	5
No. of employees	200	150	100	50
Total wages (Rs.)	60,000	40,000	30,000	20,000
Value of plant (Rs.)	2,40,000	1,80,000	1,20,000	60,000
Value of stock (Rs.)	1,50,000	90,000	60,000	-

Apportion the costs to the various departments on the most equitable method.

20. Following are the ratios of the trading activities of Jeevabarathi Ltd.

Debtor's Velocity	3 Months
Stock Velocity	8 Months
Creditors Velocity	2 Months
Gross Profit ratio	25 %

Gross profit for the year ended 31st December, 2015 amounts to Rs 4, 00,000. Closing stock of the year is Rs.10, 000 above the opening Stock. Bills receivable amount to Rs 25,000 and Bills payable to Rs 10,000.

- Find out: (a) Sales
(b) Debtors
(c) Closing Stock and
(d) Creditors

21. Prepare funds flow statement from the following data:

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Equity capital	5,000	5,300	Cash	2,000	2,500
Long term debt	1,400	1,300	B/R	2,400	2,700
Retained earnings	2,800	3,700	Inventories	3,100	3,200
Accumulated depreciation	2,100	2,500	Other C/A	800	700
B/P	2,000	2,100	Fixed assets	5,000	5,800
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	13,300	14,900		13,300	14,900

Additional information:

- (a) Fixed assets costing Rs. 1,200 were purchased for cash.
(b) Fixed assets (original cost Rs. 400 accumulated depreciation Rs. 150) were sold at book value.
(c) Depreciation for the year 2017 amounted to Rs. 550 and duly debited to P & L a/c.
(d) Dividend paid Rs. 300.
