Third Year BBM Degree Examinations

August / September 2010

Directorate of Correspondence Course

COMMERCE

(Freshers)

Cost and Management Accounting

Time: 3hrs.] *[Max.Marks : 80*

SECTION – A

I. ***Answer any THREE questions Each carries 5 marks :*** **5 x 3=15 Marks**

1. What do you mean by Financial Statement Analysis?
2. Write a note on Abnormal loss.
3. Compute the amount of stock from the following data:

   Current ratio 4

   Liquid ratio 3

   Current Liabillities fies Rs. 3,00,000
4. From the following calculate Material Price variance Material usuage variance and material cost variance

   Standard Material per unit 3 kg

   Standard price per kg. Rs. 2

   Actual output 80 units

   Actual Price per kg Rs 2.50

   Acutal material used 250 kg.
5. Mention the limitations of Management Accounting.

SECTION – B

II ***Answer any TWO questions. Each carries 10 marks :*** **10 x 2=20 Marks**

6. Write a note on

   a) P/v ratio b) Break Even Chart
7. At the beginning of November 2009, a Brush Company had in stock 10,000 Brushes Valued of Rs. 2 each. Purchases were made during the month as under:

   4^{th} Nov. 2000 Brushes @ Rs. 2.50 each

   10^{th} Nov. 6,000 Brushes @ Rs. 3 each

   20^{th} Nov. 10,000 Brushes @ Rs. 3.50 each

Issues:

12th Nov 16,000 Brushes

28th Nov. 10,000 Burshes

Find out the value of closing stock pricing the material under FIFO

8. Calculate the amount of wages payable under the following methods.

i) Halsey plan ii) Rowns plan.

Arun finished a work in 120 hours as against 140 hours allowed. His hourly rate is Rs. 3. He is getting daily allowance at the rate of Rs. 12 for 8 hours a day. Calculate his total income

9. Messrs Mysore Construction commenced a contract a 1st Jan. 2009. The following information is available in respect of the construct for Rs. 10,00,000

Material used	Rs. 1,80,000
Plant	Rs. 50,000
Wages	Rs. 2,80,000
Expenses	Rs. 14,000

of the plant and materials charged to the contract, plant costing Rs. 10,000 and material costing Rs. 8,000 were destroyed by an accident.

The value of material on site was Rs. 8,000; cash received Rs. 4,00,000 being 80% of work certified, the cost of work done but not certified was Rs. 4,000 charge depreciation on plant @ 10% per annum. Prepare contract A/c for the year ended 31st December 2009.

SECTION – C

III *Answer any THREE questions. Each carries 15 marks :* **15 x 3=45 Marks**

10. Product X is obtained after it passes through two processes you are required to prepare process accounts from the following:

	Process I	Process II
	Rs.	Rs.
Material	10,400	7,920
Wages	8,000	12,000
Inputs in units of Rs. 12 per unit	1000	-
Normal loss	5%	10%
Value of scrap per unit (in Rs.)	8	16
Acutal output (units)	950	840

Total production over head was Rs. 20,000 and was to be recovered on 100% of direct wages.

11. Following are the Balance Sheet of Pooja Co. Ltd. as at 31st December

Liabilities	2008 Rs.	2009 Rs.	Assets	2008 Rs.	2009 Rs.
Equity capital	50,000	53,000	Cash	20,000	25,000
Long term debt	14,000	13,000	Bills receivable	24,000	27,000
P & L A/c	28,000	37,000	Inventories	31,000	32,000
Accumulated Depreciation	21,000	25,000	Current Assets	8,000	7,000
Crediters	20,000	21,000	Fixed Assets	50,000	58,000
	1,33,000	1,49,000		1,33,000	1,49,000

Additional information:

1) Fixed Assets costing Rs. 12000 were purchased during 2008 for cash

2) Fixed assets (original cost Rs. 4000 accumulated depreciation Rs.1500) was sold at book value.

3) Depreciation for the year 2008 amounted to Rs. 5500 which has been debited to P & L A/c.

4) During 2008 dividend paid Rs. 13,000 you are required to prepare:

Statement of changes in working capital and A fund flow statement.

12. Define cost accounting and explain the advantages of cost accounting.

13. Define Budgetary control. Explain different types of budgets.

14. ABC Ltd furnished the following data relating to the manufacture of a product during the year 2009.

Production – 1000 units

Materials Rs. 20,000

Labour Rs. 12,000

Office overhead Rs. 4,000

Factor expenses Rs. 8000

Selling expenses Rs. 1000

Profit 25% on selling price

The company decides to produce 1500 units in 2010.

It is estimated that

a) The cost of materials will increase by 20%

b) The labour cost will increase by 10%

c) 50% of factory and office overheads are fixed and other 50% are variable.

d) Selling expenses per unit will be reduced by 20%

e) The rate of profit will remain same

Prepare a statement for 2010 showing:

i) Total profit ii) Selling price per unit

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