(7 pages)

S.No. 1273 **P 16 CA 24**

(For candidates admitted from 2016–2017 onwards)

M.Com. DEGREE EXAMINATION, NOVEMBER 2022.

Computer Applications

COST AND MANAGEMENT ACCOUNTING

Time : Three hours Maximum : 75 marks

PART A — (10 × 2 = 20)

Answer ALL questions.

1. Define the term 'cost centres'.

2. State any two types of coding.

3. What is Differential peace rate system?

4. What is absorption of overhead?

5. What is contract costing?

6. What are by-products?

7. Define management accounting.

8. What is debt equity ratio?

9. What is sales budget?

10. What is MPV?

PART B — (5 × 5 = 25)

Answer ALL questions, choosing either (a) or (b).

11. (a) What are the limitations of cost accounting?

Or

(b) Find out the economic order quantity (EOQ) from the following particulars :

Annual usage : 6,000 units

Cost of material per unit : Rs. 20

Cost of placing and receiving one order : Rs. 60. Annual carrying cost of one unit : 10% of inventory value.

12. (a) Explain the different kinds of overhead absorption rates.

Or

(b) From the following data given by the personnel department, calculate the labour turnover rate by applying.

(i) Separation method

(ii) Replacement method

(iii) Flux method.

No. of workers on the payroll :

At the beginning of the month 900

At the end of the month 1,100

During the month 10 workers left; 40 workers were discharged and 150 workers were recruited. Of these, 25 workers recruited in the vacancies of those leaving while the rest were engaged for an expansion scheme.

13. (a) The following are the expenses of TKS & Co., in respect of contract which commenced on 1st January 2020.

	Rs.
Materials purchased	50,000
Materials on hand	2,500
Direct wages	75,000
Plant issued	25,000
Direct expenses	40,000

The contract price were Rs. 7,50,000 and the same was duly received when the contract was completed in August 2020. Charge indirect expenses at 15% on wages, provide Rs. 5,000 for depreciation on plant and prepare the contract account and the contractee's account.

Or

(b) What are the features of Joint products?

14. (a) Distinguish between cost accounting and management accounting.

Or

(b) Current ratio 2.5 ; Working capital Rs. 63,000. Calculate current assets and current liabilities.

15. (a) Describe the steps in the installation of a system of budgetary control.

Or

(b) The following information relating to a company is given to you.

	Rs.
Sales	4,00,000
Fixed cost	1,80,000
Variable cost	2,50,000

Ascertain how much the value of sales must be increased for the company to break-even.

PART C — (3 × 10 = 30)

Answer any THREE questions.

16. 'A good system of costing is an invaluable aid to the management' – Discuss.

17. The following details pertain to the production department of a factory.

	Rs.
Material consumed	60,000
Direct wages	40,000
Machine hours	50,000
Labour hours worked	25,000
Factory overhead relating to the department	50,000

Calculate overhead absorption rates under different possible methods from the above details.

18. A product passes through two processes and then to finished stock. The normal wastage of each process is as follows :

Process A 30% and Process B 5%

The wastage of Process A was sold @ Rs. 5 per unit and that of Process B at Rs. 10 per unit. 20,000 units were introduced into Process A at the beginning of January 2020 at cost per unit Rs. 40.

Other expenses were as under :

	Process A	Process B
Sundry materials	40,000	60,000
Wages	2,00,000	3,20,000
Manufacturing Exp.	30,000	28,500

The output of Process A was 19,000 units and that of Process B 18,200 units. Prepare the Process Account, Normal loss account, Abnormal loss account and abnormal gain account.

19. Discuss the functions of management accounting.

20. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%; 80% and 90% plant capacity.

	At 70% capacity	At 80% capacity	At 90% capacity
	Rs.	Rs.	Rs.
Variable overheads :			
Indirect labour	–	12,000	–
Stores including spares	–	4,000	–
Power			
(30% Fixed, 70% variable)	–	20,000	–

	At 70% capacity Rs.	At 80% capacity Rs.	At 90% capacity Rs.
Repairs and maintenance (60% fixed, 40% variable)	–	2,000	–
Fixed overhead :			
Depreciation	–	11,000	–
Insurance	–	3,000	–
Salaries	–	10,000	–
Total overhead	–	62,000	–

Estimated direct labour hours : 1,24,000 hrs.