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S.No. 8334

P 16 CA 24

(For candidates admitted from 2016-2021 Batch)

M.Com. DEGREE EXAMINATION, NOVEMBER 2023.

Computer Applications

COST AND MANAGEMENT ACCOUNTING

Time : Three hours

Maximum : 75 marks

PART A — (10 × 2 = 20)

Answer ALL questions.

1. What is a cost manual?
2. State any two objectives of inventory control.
3. What is idle time?
4. What is overhead absorption rate?
5. What do you mean by work certified?
6. What are joint products?
7. Define management accounting.
8. What is meant by debt equity ratio?

9. Define the term budget.

10. What is MCV?

PART B — (5 × 5 = 25)

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

11. (a) What are the essentials of a good costing system?

Or

- (b) You are required to compute the economic ordering quantity and the frequency of the orders in terms of days, from the data given below :

Rs.

Consumption of material per annum 8,000

Ordering costs per order 25

Storage and carrying cost per annum 10% of inventory value.

12. (a) What are the merits of time rate and piece rate systems of wage payment?

Or

- (b) A worker is paid at 25 paise per hour for completing a work within 8 hours. If he completes the work within 6 hours, calculate his wages under Halsey plan when the rate of premium is 50%. Also ascertain the effective hourly rate of earning by the worker.

13. (a) State the limitations of process costing.

Or

(b) Show the treatment of plant in contract account from the following information :

- (i) Plant issued to contract on 1st January 2020 Rs. 2,00,000.
- (ii) Plant costing Rs. 10,000 was transferred to another contract on 30th June 2020.
- (iii) A plant costing Rs. 6,000 was stolen in transit and another costing Rs. 5,000 was destroyed by fire before installation. There was fire cum burglary insurance to the full value.
- (iv) Plant costing Rs. 2,000 was sold for Rs. 3,000
- (v) Plant at the end of December was valued by charging depreciation at 10% per annum.

14. (a) What are the relationship between cost and management accounting?

Or

(b) Calculate gross profit ratio :

Rs.

Sales	2,20,000
Sales returns	20,000
Opening stock	30,000
Purchases	1,75,000
Purchases returns	15,000
Closing stock	40,000

15. (a) From the particulars given below prepare a cash budget for the month June 2021 :

(i) Expected Sales :

April 2021 - Rs. 2,00,000; May - Rs. 2,20,000; June - Rs. 1,90,000.

Credit allowed to customers is two months and 50% of the sales of every month is on cash basis.

(ii) Estimated purchase :

May - 2021 - Rs. 1,20,000; June - 1,10,000 40% of the purchase of every month is on cash basis and the balance is payable next month.

(iii) Rs. 2,000 is payable as rent every month.

(iv) Time lag in payment of overhead is $\frac{1}{2}$ month overhead : For may Rs. 12,000; For June Rs. 11,000.

(v) Depreciation for the year is Rs. 12,000

(vi) Interest receivable on investment during June and December Rs. 3,000 each.

(vii) Estimated cash balance as on 1.6.2021 is Rs. 42,500

Or

(b) From the following you are required to calculate :

(i) Material cost variance

(ii) Material price variance

(iii) Material usage variance

Quantity of material purchased 3,000 units

Value of material purchased Rs. 9,000

Standard quantity of material required for one tonne of finished product 25 units.

Standard rate of material Rs. 2 per unit

Opening stock of material – Nil

Closing stock of material 500 units

Finished production during the period 80 tonnes.

PART C — (3 × 10 = 30)

Answer any THREE questions.

16. Explain briefly the functions of cost accounting.

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

Materials consumed Rs. 60,000

Direct wages Rs. 40,000

Machine hour 50,000

Labour hours worked 25000

Factory overhead relating to the department Rs. 50,000.

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

18. In manufacturing a product, 1000 kgs of raw materials at Rs. 8 per kg were supplied to process 'X' other expenses of the process were as follows :

Labour cost Rs. 2,000

Production expenses Rs. 1,000

Normal loss in the process has been estimated at 10% of the input and it could be sold at Rs. 2 per kg. The actual output in this process was 880 kgs which was transferred to process 'Y'.

Prepare process 'X' account and abnormal loss account.

19. Explain the advantages of management accounting.
20. The P.V ratio of a firm dealing in precision instrument is 50% and the margin of safety is 40%.

You are required to workout the B.E.P. and the net profit if sales volume is Rs. 50,00,000.
