

II/ bc (v)

2 0 1 2

(2nd Semester)

COMMERCE

Paper : BC-205

(Cost and Management Accounting)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

*The figures in the margin indicate full marks
for the questions*

Answer **all** questions

1. Explain the objectives of Cost Accounting.
What are the differences between Financial
Accounting and Cost Accounting? 4+6=10

Or

The following information is taken from the
records of ABC Co. Ltd. as on 31.03.2012.

You are required to prepare a Cost Sheet : 10

Opening Stock :

	Rs
Raw materials	40,350
Work-in-progress	15,000
Finished stock	35,590

12G—500/270a

(Turn Over)

(2)

The following costs were incurred during the period :

Items	Rs
Consumable stores	10,000
Wages paid	2,00,000
Carriage inward	2,000
Depreciation of machinery	10,000
Material purchased	2,50,000
Wages of storekeeper	7,000
Repairs & renewals	5,010
Materials destroyed by fire	5,000
Office Manager's salary	10,000
Printing & stationary	10,000
Power	10,500
Lighting for office building	2,000
Salary to office staff	20,500
Carriage outward	3,000
Entertainment	2,500
Freight	5,000
Warehousing charges	1,500
Expenses for participating in industrial exhibition	6,000
Legal charges	2,000

Closing stock :

Raw materials—Rs 35,000
Work-in-progress—Rs 14,500
Finished stock—Rs 40,030
Profit 25% on cost

(3)

2. Describe the various methods of pricing materials issued to production and point out their respective advantages. 10

Or

Calculate the total monthly remuneration of each of the three workers A, B and C :

(i) Standard production per month per worker = 1000 units

(ii) Actual production during a month :

A—890 units

B—720 units

C—960 units

(iii) Piecework rate per unit of actual production—20 paise

(iv) Dearness wages is 30% of piece wage

(v) House rent allowance is 11% of piece wage

(vi) Additional production bonus at the rate of Rs 5 for each percentage of actual production exceeding 80% of the standard

3. Explain how over-absorption of overhead arises. What are the methods of disposal of over-absorption of overhead? 5+5=10

(4)

Or

What is machine-hour rate? What are the steps required to be taken for calculation of machine-hour rate? 3+7=10

4. What are the characteristic features of marginal costing? What are the differences between marginal costing and absorption costing? 3+7=10

Or

The sales turnover and total costs during the two years were as follows :

Year	Sales (Rs)	Total costs (Rs)
2011	1,50,000	1,30,000
2012	1,70,000	1,45,000

Calculate—

- (a) P/V ratio;
- (b) break-even point;
- (c) fixed expenses;
- (d) profit or loss when sales are Rs 2,50,000;
- (e) sales required a profit of Rs 60,000. 2×5=10

(5)

5. What is meant by accounting ratios? State the significance of accounting ratios in the analysis of financial statement. 3+7=10

Or

The following is the Profit & Loss A/c and Balance Sheet of Zoco Ltd. for the year ended 31.12.2011 :

Profit & Loss A/c

	Rs		Rs
To Opening stock	79,652	By Sales	4,21,321
" Purchases	88,274	" Closing stock	36,122
" Wages	67,142		
" Freight	22,341		
" Carriage inward	1,244		
" Gross profit	1,98,790		
	<u>4,57,443</u>		<u>4,57,443</u>

	Rs		Rs
To Office and administration expenses	79,044	By Gross profit b/d	1,98,790
" Selling and distribution expenses	11,412	" Interest on govt. securities	6,674
" Interest on debenture	9,831	" Profit on sale of plant	1,233
" Interest on bank overdraft	9,154	" Dividend receive	4,221
" Depreciation	7,811		
" Loss on sale of machine	13,423		
" Net profit	80,243		
	<u>2,10,918</u>		<u>2,10,918</u>

12G—500/270a

(Turn Over)

Balance Sheet

<i>Liabilities</i>	<i>Rs</i>	<i>Assets</i>	<i>Rs</i>
Equity share capital	2,20,000	Goodwill	95,000
8% Preference share capital	1,20,000	Land and Building	78,000
General reserve	86,241	Plant and Machinery	59,000
Profit & Loss A/c	81,322	Bills receivable	61,891
10% Debenture	65,000	Sundry debtors	74,883
Bills payable	28,124	Cash at bank	99,964
Bank overdraft	54,137	Cash in hand	53,649
Outstanding expenses	49,231	Short-term investment	79,119
Sundry creditors	56,023	Prepaid expenses	57,171
Long-term loan	58,769	Inventories	68,637
Provision for income tax	31,153	Marketable securities	57,644
	<u>8,50,000</u>	Discount on issue of shares	65,042
			<u>8,50,000</u>

Calculate—

- (a) gross profit ratio;
- (b) current ratio;
- (c) quick ratio;
- (d) operating ratio;
- (e) operating profit ratio. $2 \times 5 = 10$

★ ★ ★

II/bc (v)

2012

(2nd Semester)

COMMERCE

Paper : BC-205

(Cost and Management Accounting)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

SECTION—A

(Marks : 10)

(Multiple choice)

1. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×10=10

(a) The ideal current ratio is

(i) 1 : 2 ()

(ii) 2 : 1 ()

(iii) 1 : 1 ()

(iv) 0.5 : 1 ()

(b) Debt equity ratio is the relationship between

- (i) outsiders' fund and shareholders' fund ()
- (ii) long-term fund and short-term fund ()
- (iii) return on investment and capital employed ()
- (iv) total assets and total liabilities ()

(c) P/V ratio shows the relationship between

- (i) contribution and margin of safety ()
- (ii) contribution and sales ()
- (iii) break-even point and margin of safety ()
- (iv) sales and total cost ()

(d) Aggregate of all direct costs is known as

- (i) cost of production ()
- (ii) works cost ()
- (iii) prime cost ()
- (iv) cost of raw material consumed ()

- (e) Cost of abnormal idle time is charged to
- (i) job or work order at an inflated rate ()
 - (ii) production as factory overhead ()
 - (iii) overhead expenses ()
 - (iv) costing Profit & Loss A/c ()
- (f) The total of the materials subsidiary ledger inventory cards must be equal to the amount in the following account
- (i) cost of goods sold ()
 - (ii) material inventory ()
 - (iii) purchase of raw materials ()
 - (iv) materials requisition form ()
- (g) When the amount of overhead absorbed is less than the amount of overhead incurred, it is called
- (i) under absorption of overhead ()
 - (ii) over-absorption of overhead ()
 - (iii) proper absorption of overhead ()
 - (iv) normal absorption of overhead ()

(h) In break-even chart, angle of incidence is formed by the intersection of

(i) sales line and variable cost line ()

(ii) sales line and total cost line ()

(iii) variable cost line and fixed cost line ()

(iv) variable cost line and total cost line ()

(i) In which of the following methods, issues of materials are priced at a predetermined rate?

(i) Inflated price method ()

(ii) Standard price method ()

(iii) Replacement price method ()

(iv) Specific price method ()

(j) When production is below standard specification or quality and cannot be rectified by incurring additional cost, it is called

(i) defectives ()

(ii) scrap ()

(iii) waste ()

(iv) spoilage ()

(5)

SECTION—B

(Marks : 15)

(Short answer-type)

2. Write notes on the following in not more than 6 sentences each : 3×5=15

(a) Need for reconciliation of cost and financial accounts

(6)

(b) Causes of labour turnover

(7)

(c) Break-even point

(8)

(d) Advantages of accounting ratio

(9)

(e) Causes of idle time
