

Factory overheads :

- Indirect labours Rs. 500 per month
- Works Manager Rs. 500 per month
- Stores and Spares 2½% on sales
- Depreciation on Machinery Rs.12,600
- Light and Power Rs. 5,000
- Repairs and maintenance Rs. 8,000
- Other sundries 10% on direct wages.
- Administration, selling and distribution expenses Rs. 14,000 per year
- Foreman Rs. 4,800

Total No. of printed pages = 8
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**2019
COST AND MANAGEMENT
ACCOUNTING**

Paper : 405
(Management Major)
Full Marks - 80
Pass Marks - 24
Time - Three hours

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

GROUP - A

(Cost Accounting)
Marks - 40

1. Answer the following as directed : 1×6=6
- (a) Standard costing helps in measuring efficiency. (Write true or false)
 - (b) Abnormal idle time cost of factory should be charged to production overhead. (Write true or false)

(c) The time taken in processing the order and then executing is known as _____. (Fill in the blank)

(d) The technique of standard costing may not be applicable in case of _____. (Fill in the blank)

(e) Bin Card shows :

(i) Works in process inventory and value of stores

(ii) Quantity of stores

(iii) Both value and quantity of stores.
(Choose the correct option)

(f) The difference between actual cost and standard cost is known as

(i) Variance

(ii) Profit

(iii) Differential cost.
(Choose the correct option)

(Choose the correct option)

2. Answer the following questions : $2 \times 2 = 4$

(a) What is Flat Time Rate ?

(b) State two causes of material usage variance.

3. Answer any two questions from the following :
 $5 \times 2 = 10$

(a) Explain the various functions of cost accounting.

(b) How cost sheet is prepared ? Explain.

(c) Distinguish between cost accounting and management accounting.

4. Answer the following questions : $10 \times 2 = 20$

(a) Discuss the preliminary steps for establishing a system of Standard Costing.

Or

In a manufacturing concern, the standard time fixed for a month is 8,000 hours. A standard wage rate of Rs. 2.25p per hour has been fixed. During one month, 50 workers were employed and average working days in a month are 25. A worker works for 7 hours in a day. Total wage bill of the factory for the month amounts to Rs. 21,875. There was a stoppage of work due to power failure (idle time) for 100 hours.

Calculate the labour cost variance, rate of pay variance, net labour efficiency variance and idle time variance.

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[Turn over]

5. Answer the following questions as directed : 1×6=6

- (a) Flow of funds means increase or decrease in working capital. (Write true or false)
- (b) Contribution is the difference between the sales and the total cost of sales. (Write true or false)
- (c) Current ratio is used to make the analysis of a long term financial position. (Write true or false)
- (d) The increase in P.V ratio means lower break-even-point and higher _____. (Fill in the blank)
- (e) Two elements of current ratio are current assets and _____. (Fill in the blank)
- (f) Which one of the following is an objective of budgetary control ?

- (i) Evaluation
 - (ii) Reporting
 - (iii) Selling estimate
 - (iv) Capital expenditure.
- (Choose the correct option)

(b) Explain the measures applied for control of labour cost.

Or

On the basis of the following information, calculate the earnings of 'A' and 'B' under the Straight Piece Rate System and Taylor's Differential Piece Rate System :

Standard production : 190 unit per hour

Normal time rate : Rs. 5 per hour

Differential piece rate to be applied :

80% of piece rate for below standard performance.

120% of piece rate for performance at or above the standard.

Actual performance :
'A' produced 80 units in a day of 10 hours.

'B' produced 110 units in a day of 10 hours.

6. Answer the following questions : $2 \times 2 = 4$

(a) What is Liquidity Ratio ?

(b) What is Contribution ?

7. Answer any two questions from the following :

$$5 \times 2 = 10$$

(a) Explain briefly the nature and scope of management accounting.

(b) How does management accounting differ from financial accounting ?

(c) Discuss in brief the various tools and techniques that are used in management accounting.

8. Answer any two questions from the following :

$$10 \times 2 = 20$$

(a) What is Financial Statement ? Discuss the limitations of financial statements.

Or

From the summary Cash Account of Raju Trading Corporation Ltd. prepare Cash Flow Statement for the year ended 31st March, 2018 in accordance with AS-3 (Revised) using the direct method. The company does not have any cash equivalents.

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Summary Cash Account

(For the year ended 31.3.2018)

	Rs. 000	Rs. 000	
Balance on 1.4.2017	100	Payment of suppliers	4,000
Issue of equity shares	600	Purchase of fixed assets	400
Receipts from customers	5,600	Overhead expenses	400
Sale of fixed assets	200	Wages and salaries	200
		Taxation	500
		Dividend	100
		Repayment of bank loan	600
		Balance on 31.3.2018	300
	<u>6,500</u>		<u>6,500</u>

(b) Explain the managerial application of marginal costing as an aid to pricing decisions.

Or

ABC Glass manufacturing company requires you to calculate and present the budget for the period April, 2019 to 31st March, 2020 from the following information :

Sales :

Rs.

Toughened glass

3,00,000

Bent toughened glass

5,00,000

Direct material cost 60% of sales

Direct wages – 20 workers @ Rs. 150 per month.

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