

M.B.A. CBCS Pattern Semester-II
PCB2C03 - Cost and Management Accounting

P. Pages : 4

Time : Three Hours



GUG/W/23/10684

Max. Marks : 70

- Notes : 1. All questions carry equal marks.
2. Attempt **any five** question.

1. Explain the scope and function of cost accounting? Write role of cost accounting information in planning & control. 14
2. What is contract? What are the silent clauses and accounting feature of contract? 14
3. “Management accounting is nothing more than the use of financial information for management purpose”. Explain the statement. 14
4. Define the term “Fond flow statement”. How do you determine whether a particular change is in the nature of a source or of an application of fund? 14
5. A firm manufactured and sold 1000 calculator in the year 2021. It summarized trading & P/L A/c for the year 2021 is set below. 14

Trading & P/L A/c

Dr	Cr		
To cost of material	80,000	By sale	4,00,000
To direct wages	1,20,000		
To manufacturing changes	50,000		
To Gross profit	1,50,000		
	4,00,000		4,00,000
To management & staff salary	60,000	By Gross profit	1,50,000
To Rent Rates & taxes	10,000		
To General exp	20,000		
To selling Exp	30,000		
To Net profit	30,000		
	1,50,000		1,50,000

For the year 2022 it is estimated that

- 1) Output and sales will be 1200 calculator
- 2) Price of material will rise by 20% on the previous year level.
- 3) Wage rate will rise by 5%.
- 4) Manufacturing charges will increase in proportion to the combined cost of material & wages.
- 5) Selling & distribution cost per unit will remain same.
- 6) Other expenses will remain unaffected by the rise in the output.

Prepare a statement showing the price of which the calculators to be manufactured in 2022 should be marketed so as to show profit of 10% on selling price.

6. The following figures are extracted from the financial accounts of a manufacturing firm for the first year of its operation. 14

Direct material consumption	50,00,000
Direct wages	30,00,000
Factory overhead	16,00,000
Administration overhead	7,00,000
Selling & distribution overhead	9,60,000
Bad debt's	80,000
Preliminary expenses written off	40,000
Legal charges	10,000
Dividend received	1,00,000
Interest on deposit received	20,000
Sale – 1,20,000 unit's	1,20,00,000
Closing stock -	
Finished stock 4000 units	3,20,000
Work in progress	2,40,000

The cost accounts for the same period reveal that the direct material consumption was Rs. 56,00,000, factory overhead is recovered at 20% on prime cost.

Administration overhead is recovered @ Rs. 6. Per unit of production selling & distribution overhead are recovered @ Rs. 8 per unit sold. You are required to prepare costing and financial profit and loss accounts and reconcile the difference in the profit as arrived at in the two set's of account's

7. A construction company. Prepare his financial account on 31-03-2022. on the position of contract which was started on 1st July 2021 is as :- 14

Material	Rs 30,000/-
Wages	Rs 35,000/-
Other expenses	Rs 1500/-
Plant sent to contract	Rs 5,000/-
Material in hand	Rs 1,200/-
Certified work	Rs. 72,000/-
Cash Received	Rs. 54,000/-
Uncertified work	Rs. 2,000/-
Plant in hand	Rs. 4,000/-
Contract price	Rs. 1,20,000/-

Transfer a real profit to profit and loss account. Prepare contract account and show contract account on 1st April 2022 and show a position of contract in Balance sheet on 31-03-2022.

8. The following information is given about M/S R. K. Ltd. for the year ending 31st Dec 2020. 14

Stock Turnover Ratio = 6 times.

Gross profit = 20% on Sales,

Sales for 2020 = Rs 3,00,000

Closing stock is Rs. 10,000, more than the

Opening stock, opening creditor's = Rs 20,000

Closing creditor's = Rs. 30,000,

Trade Debtor's at the end = Rs 60,000,

Net working capital = Rs 50,000

Find out.

- 1) Average stock 2) purchase 3) creditor's turnover ratio 4) Average payment period.
5) Average collection period. 6) working capital turnover Ratio.

Particular	Amt 2021	Amt 2020
Share capital	2,00,000	1,00,000
Share premium	5,000	-
Mortgage loan	20,000	30,000
Debenture	10,000	10,000
Bank loan	18,000	28,000
Creditor's	30,000	20,000
Unpaid Expenses	5,000	3,000
Bad debt Reserve	4,000	2,000
General Reserve	4,000	3,000
Tax provision	8,000	10,000
P/L Account	10,000	8,000
Dep. Fund on Building	3,000	4,000
	3,17,000	2,18,000
Building	20,000	15,000
Land	30,000	25,000
Machinery	20,000	40,000
Stock	30,000	20,000
Debtor's	40,000	30,000
Cash	10,000	50,000
Bank balance	2,000	8,000
Goodwill	5,000	10,000
Share Discount	1,000	2,000
Bill's receivable	20,000	30,000
Petty cash	100	500
Investment	1,38,900	32,500
	3,17,000	2,18,000

Adjustment:-

- 1) Interim dividend paid in 2021 Rs. 5,000
- 2) Tax paid during the year Rs. 22,000
- 3) Building sold for Rs. 3,000 which cost price Rs. 5,000 and which accumulated depreciation Rs. 3,000/-
- 4) Depreciation charge on machinery in current year Rs. 5,000
- 5) Investment costing Rs. 30,000 was sold for Rs. 25,000.
- 6) Share of Rs. 5,000 issued for the purchase of building.
- 7) Prepare fund flow statement

10. From the following forecast of income and expenditure of Rajesh Ltd, prepare a cash budget for six month's commencing from 1st July 2014 when the Bank Balance is estimated to be Rs. 50,000.

14

Month	Sales	Purchases	Wages	Factory overhead	Admin overhead	Selling & distribution overhead	Research expenditure overhead
April	45,000	30,000	2,000	4,000	1,000	1,000	500
May	40,000	25,000	3,000	2,000	1,000	1,400	500
June	50,000	35,000	4,000	4,000	1,500	1,600	500
July	60,000	40,000	4,500	3,000	1,200	1,500	600
Aug	70,000	50,000	5,000	5,000	2,000	1,800	600
Sept	80,000	60,000	6,000	5,000	2,500	1,600	700
Oct	1,00,000	80,000	5,500	4,500	1,600	1,800	800
Nov	1,00,000	60,000	5,000	4,000	2,200	2,000	800
Dec	80,000	70,000	6,000	5,500	2,500	1,600	800

Additional information

- 1) A sales commission of 5% on sales, and due to two month's after sales is payable in addition to selling overhead.
- 2) 10% of the sales and 20% of the purchase will be made for cash at a discount of 10% in both cases.
- 3) Period of credit allowed to customer is two month; but 50% of the customer pay after one month, period of credit allowed by supplier's is three month.
- 4) Lag in payment of wages and all overhead's are 1/5 and 1/2 month respectively.
- 5) Interest on Govt. Bonds amounting to Rs. 5,000/- is to be received in Oct 2014.
- 6) Preference dividend of Rs. 10,000/- is to be paid in September 2014.
- 7) Call of Rs 2 per share on equity share capital of Rs. 5,00,000 divided into 50,000 share of Rs. 10 each to be received on 1st Aug 2014.
- 8) A plant costing Rs. 60,000 will have to be installed in July 1/4th of the amount is to be paid at the time of installation and balance by three equal quarterly installment.
