

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – NOVEMBER 2007

AV 3

BU 5501 - COST & MANAGEMENT ACCOUNTING

Date : 26/10/2007
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

SECTION-A

(10x2=20)

(Answer all questions)

1. Define “ cost”.
2. What do you understand by marginal cost?
3. What do you mean by absorption of overheads?
4. What is contribution?
5. Give the specimen of Bin card.
6. State the methods of codification of materials .
7. List out the balance sheet ratios.
8. Define cash flow statement.
9. Explain the meaning of working capital.
10. Calculate the provision made for income tax for the year.2004-2005.

	Rs.
Balance of Provision for tax as on 1-4-2004	2,65,000
Balance of Provision for tax as on 31-3-2005	2,90,000
Tax paid during the year 2004-2005	3,00,000

SECTION-B

(5x8=40)

(Answer any five Questions, choosing not less than TWO from each group)

GROUP-I

11. Briefly explain the various methods of material issues
12. From the following particulars prepare a cost sheet showing the components of total cost and the profit for the year ended 31-12-2005.

Particulars	1.1.2005 Rs	31-12-2005 Rs
Cost of raw materials	30,000	25,000
Cost of work in progress	12,000	15,000
Cost of finished goods	60,000	55,000
Purchase of raw materials		4,50,000
Wages paid		2,30,000
Factory overheads		92,000
Administrative overheads		30,000
Selling and distribution of overheads		20,000
Sales		9,00,000

13. Calculate the wages due under Rowan and Halsey plan with the following details.

Standard time : 9 hours

Time taken : 6 hours

Normal rate : Rs.8 per hour

Material cost : Rs.40

Overhead recovered : 150% of direct wages, Find out the factory cost also.

14. Two components of X and Y are used as follows;

Normal usage - 600 units per week each

Max. usage - 900 units per week each

Min. usage - 300 units per week each.

Reorder quantity:

X- 4,800 units, Y- 7,200 units.

Reorder period:

X-4 to 6 weeks, Y-2 to 4 weeks.

Calculate for each component :

a) Reorder level b) Minimum level c) Maximum level d) Average stock level.

GROUP-II

15. Explain in detail the objectives and functions of management accounting.

16. From the following information relating to A-Ltd, calculate the following.

a) P/V ratio b) BEP C) Margin of safety.

	Rs
Sales	2,00,000
Variable cost	1,20,000
Fixed cost	50,000
Net profit	30,000

17. From the following Balance sheets of V-Ltd, you are required to prepare a Cash Flow Statement.

Liabilities	2004 Rs	2005 Rs	Assets	2004 Rs	2005 Rs
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
Profit & loss	20,000	46,000	Stock	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

18. Calculate the following ratios from the particulars given below;

a) Stock turn over ratio b) Fixed assets turn over ratio c) Debtors turn over ratio
d) Creditors turn over ratio.

Items	Rs .in lakhs
Sale	17,874
Sales returns	4
Other expenses	53
Cost of sales	15,440
Administration and selling expenses	1,843
Depreciation	63
Interest (non operating)	456
Purchases	15,000
Purchase returns	5
Debtors	10,000
Bills receivable	2,000
Creditors	5,000
Bills payable	3,000
Opening stock	4,000
Closing stock	5,000
Fixed assets	5,000

SECTION-C

(Answer any TWO Questions)

(2X20=40)

19.a).The following data were obtained from the books of a company .Calculate department overhead rates for each of the production departments ,assuming that the overheads are recovered as a percentage of direct wages.

		Production departments			Service departments	
		A	B	C	X	Y
Direct wages	Rs.	7,000	6,000	5,000	1,000	1,000
Direct materials	Rs.	3,000	2,500	2,000	1,500	1,000
Employees	Nos.	200	150	150	50	50
Electricity	Kwh	8,000	6,000	6,000	3,000	3,000
Light points	Nos	10	15	15	5	5
Asset value	Rs.	50,000	30,000	20,000	10,000	10,000
Area occupied	Sq.ft	800	600	600	200	100

The expenses are as follows;	Rs.		Rs.
Stores overhead	400	Depreciation	6,000
Motive power	1,500	Repairs& maintenance	1,200
Electric lighting	200	General overheads	10,000
Labour welfare	3,000	Rent and taxes	600

Apportion the expenses of department X in the ratio of 4:4:3 and that of department Of Y in proportion to direct wages, to the department A, B and C respectively.

OR

19.b)Enter the following transactions in the stores ledger of Y material using I) FIFO

ii) LIFO.

Jan.2006.

- 1.Balance 250 units at Re.1 per unit.
- 5.Issued 50 units .
- 6.Received 800 units at Rs.1.10 per unit.
- 7.Issued 300 units.
- 8.Returned to stores 20 units out of materials issued on 5-th January.
- 12.Received 300 units at Rs.1.20 per unit.
- 15.Issued 320 units.
- 18.Received 100 units at Rs.1.20 per unit.
- 20.Issued 80 units.
- 23.Returned to vendors 20 units from the goods received on 18-th.
- 27.Received 200 units on goods at Rs.1-per unit.
- 30.Issued 250 units..

20.a)From the following particulars given below, prepare a Fund flow statement.

Liabilities	1-1-05	31-12-05	Assets	1-1-05	31-12-05
	Rs	Rs.		Rs	Rs
Capital	88,000	1,32,000	Cash	4,800	4,000
General reserve	6,000	9,000	Debtors	36,500	39,100
P&L A/C	19,500	20,800	Stock	22,100	26,000
Loan	---	26,000	Furniture	2,400	1,500
Creditors	43,300	47,300	Machinery	35,600	51,300
			Building	55,400	1,13,200
	<u>1,56,800</u>	<u>2,35,100</u>		<u>1,56,800</u>	<u>2,35,100</u>

Additional information;

Depreciation written off during the year 2005 ;

Machinery Rs.12,800 , Furniture.Rs.400. (OR)

20.b)

i) following is the Balance sheet of L & Co

Equity capital	1,00,000	Cash	2,000
6% pref.capital	1,00,000	Bank	10,000
7% debentures	40,000	Bills receivable	30,000
8% public debt	20,000	Investments	20,000
Bank overdraft	40,000	Debtors	70,000
Creditors	60,000	Stock	40,000
Out standing creditors	7,000	Furniture	30,000
Proposed dividend	10,000	Machinery	1,00,000
Reserves	1,50,000	Land and building	2,20,000
Provision for taxation	20,000	Goodwill	35,000
P&L Account.	20,000	Preliminary expenses	10,000
	<u>5.67,000</u>		<u>5,67,000</u>

During the period provision for taxation was Rs.20,000. Dividend was proposed at At Rs.10,000. Profit carried over from last year was Rs.15,000. You are required to Calculate

- current ratio
- Liquid ratio
- Debt-Equity ratio
- Fixed charges Coverage ratio.

ii) Thangam Ltd furnishes you the following data for the year 2005.

	First half of the year (Rs)	Second half of the year (Rs)
Sales	1,80,000	2,00,000
Profit	20,000	28,000

Assume that there are no change in prices and variable costs and the fixed expenses are Incurred equally in the two half years. Calculate the following.

- P/v ratio
- Fixed cost
- B.E.sales
- Margin of safety
