

**B.Com. (Part—III) Examination**  
**COST AND MANAGEMENT ACCOUNTING**  
**(Commerce)**

Time : Three Hours]

[Maximum Marks : 70

**Note :—**(1) Attempt all the **FIVE** questions.

(2) All questions carry equal marks.

1. (A) Write the two definitions of Cost Accounting. 3  
 (B) Write any three functions of Management Accounting. 3  
 (C) State the difference between Financial Accounting and Management Accounting. 4  
 (D) Write any four functions of Cost Accounting. 4

**OR**

- (E) Explain the scope of Management Accounting. 3  
 (F) Write three advantages of Cost Accounting. 3  
 (G) What are the elements of Cost ? 4  
 (H) Write three advantages of Management Accounting. 4
2. (A) Prutha Company intends to send a tender for a big machine. Costing Department estimated that :
- (i) Material Rs. 80,000  
 (ii) Wages Rs. 1,20,000  
 (iii) Factory overhead 60% of the Wages  
 (iv) Office overhead 25% of the Factory Cost  
 (v) 20% profit on Tender price. 3
- (B) The following costing information relates to the Diksha Company :
- (i) Cost of production Rs. 22 per unit  
 (ii) Opening stock of finished goods (1,600 units) Rs. 35,200  
 (iii) Closing stock of finished goods (3,200 units) Rs. 70,400  
 (iv) Advertisement Rs. 3 per unit sold  
 (v) Sold units 24,000  
 Find out total cost. 3
- (C) From the following information, find out prime cost :
- |                                    |              |   |
|------------------------------------|--------------|---|
| (i) Opening stock of Raw Material  | Rs. 70,000   |   |
| (ii) Purchase of Raw Material      | Rs. 3,40,000 |   |
| (iii) Carriage inward              | Rs. 16,000   |   |
| (iv) Closing stock of Raw Material | Rs. 92,000   |   |
| (v) Direct Wages                   | Rs. 2,60,000 | 4 |

(D) Gunjan Company provides the following information, prepare Cost Sheet :

(i) Units sold (90% of the production)	7,200 units	
(ii) Office Cost	Rs. 200 per unit	
(iii) Selling overheads	Rs. 40 per unit	
(iv) Selling price	Rs. 280 per unit	4

**OR**

(E) Following information is related to Madhuri Enterprises :

(i) Direct Material	Rs. 7,48,000
(ii) Direct Wages	Rs. 6,00,000
(iii) Factory Overheads	Rs. 1,20,000
(iv) Office Overheads	Rs. 1,46,800

Calculate the office cost and find out :

- (a) Percentage of factory overhead to Direct Wages.  
(b) Percentage of office overhead to Factory Cost. 3

(F) Prepare Statement of Profit from the following information :

(i) Sales	Rs. 1,44,620
(ii) Cost of goods sold	Rs. 1,01,720
(iii) Advertisement	Rs. 8,000
(iv) Carriage on purchases	Rs. 2,000
(v) Travelling expenses	Rs. 420

Show Gross Profit and Net Profit. 3

(G) Raj Company produced 1,600 units during the year ending 31<sup>st</sup> March, 2018 :

Material	Rs. 40 per unit
Wages	Rs. 60 per unit
Factory overhead	Rs. 25 per unit

For the year ending 31<sup>st</sup> March, 2019 it has been estimated that :

- (a) Output and Sales will be 2,000 units  
(b) Price of material will rise by 25% on the previous year level  
(c) Wages will rise by 10%  
(d) Factory overhead will rise in proportion to the combined cost of material and wages.

Find out factory cost for per unit. 4

(H) Following information is given of x company :

- (i) Percentage of factory overhead to the direct wages is 30%  
(ii) Percentage of office overhead to the factory Cost is 8%.

What will be the Tender Value of a machine for which cost of material would be Rs. 72,000 and Direct Wages Rs. 60,000 if the profit on cost 15% is to be earned. 4

3. Prepare Process Cost Account from the following information :

Particulars	Process A	Process B	Process C
(i) Utilised Material (Que)	200	104	84
(ii) Cost of Material (Rs.)	19,200	20,720	3,000
(iii) Direct Wages (Rs.)	5,760	7,600	5,000
(iv) Direct Expenses (Rs.)	3,840	3,800	2,200
(v) Overhead (Rs. 18,360 allocated 100% of the wages)	—	—	—
(vi) Normal loss	4%	5%	5%
(vii) Transfer to next process	50%	40%	—
(viii) Transfer to Warehouse Account	50%	60%	100%

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**OR**

The net profit of the Raj Engineering Co. Ltd. appeared at Rs. 1,34,995 as per the financial books. The cost book however showed a net profit of Rs. 1,72,400 for the same period.

A scrutiny of the figures of both sets of A/c books related the following facts :

- (i) Works overheads under-recovered in financial book Rs. 3,120
- (ii) Administrative overheads recovered in excess in cost book Rs. 1,700
- (iii) Depreciation charge in financial book Rs. 11,200
- (iv) Depreciation charge in cost book Rs. 12,500
- (v) Interest on Investment not included in cost book Rs. 8,000
- (vi) Loss due to obsolescence charge in financial A/c Rs. 85,700
- (vii) Income Tax provided in financial A/c Rs. 40,300
- (viii) Bank interest and transfer fees in financial book Rs. 750
- (ix) Store adjustment Rs. 475 (credited in financial book)
- (x) Loss due to depreciation in stock value Rs. 6,750 (charge in financial A/c)

You are required to prepare a Statement of Reconciling the figures of net profit.

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4. Following information is available from the records of Sheetal Company Ltd. :

Year	Sale (Rs.)	Profit (Rs.)
2015	7,00,000	2,00,000
2016	8,60,000	2,96,000

You are required to calculate :

- (a) Contribution Ratio 3
- (b) Break even point 3
- (c) Net profit on sale Rs. 9,50,000 4
- (d) Sale for the profit Rs. 3,20,000. 4

**OR**

Sandeep Company provides the following information :

	Rs.	Rs.
Sales		2,50,000
– Cost of goods sold		1,50,000
<b>Gross Profit</b>		<b>1,00,000</b>
– Administrative Exp.	49,000	
Selling and Distribution Exp.	11,000	60,000
<b>Net Profit</b>		<b>40,000</b>

Find out :

- |                               |   |
|-------------------------------|---|
| (e) Gross Profit Ratio        | 3 |
| (f) Administrative Exp. Ratio | 3 |
| (g) Operating Exp. Ratio      | 4 |
| (h) Operating Ratio           | 4 |

5. The following data relate to the working of a factory for the year 2018 :

**Capacity Worked 50%**

	Rs.
<b>Fixed Costs :</b>	
Salaries	84,000
Rent and Ratio	56,000
Depreciation	70,000
Other Admn. Expenses	80,000
	<b>2,90,000</b>
<b>Variable Costs :</b>	
Materials	2,40,000
Labour	2,56,000
Other Expenses	38,000
	<b>5,34,000</b>

Possible sales at various levels of working are :

Capacity	Sales (Rs.)
60%	9,50,000
75%	11,50,000
90%	13,75,000
100%	15,25,000

Prepare a Flexible Budget and show the forecast of profit at 60, 75, 90 and 100 percent capacity of operations. 14

**OR**

What is budgetary control ? Explain its importance. 14