

Roll No:

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The Assam Royal Global University, Guwahati

Royal School of Commerce

B.Com Finance & Accounts 4th Semester

Semester End Examination, June, 2024

Course Title: Cost & Management Accounting

Course Code : CFA042C401

Time: 3 hours

Maximum Marks: 70

Attempt all questions as per instructions given
The figures in the right-hand margin indicate marks

Section-A

| Q. No. | Answer the following in brief (within 50 words) | Marks | CO | BT Level |
|--------|---|-------|-----|----------|
| 1(a) | What is cost accounting? | 2 | CO1 | BT 1 |
| 1(b) | State the meaning of overheads with example. | 2 | CO1 | BT 1 |
| 1(c) | What is cost plus contract? | 2 | CO1 | BT 1 |
| 1(d) | What do you mean by batch costing? | 2 | CO1 | BT 1 |
| 1(e) | Define Zero Base Budgeting. | 2 | CO1 | BT 1 |
| 1(f) | State the basic difference between standard cost and estimated cost. | 2 | CO2 | BT 2 |
| 1(g) | Illustrate the relevance of calculating Current Ratio. | 2 | CO2 | BT 2 |
| 1(h) | 'Cash receipts from debtors' and 'purchase of shares in another company' will be classified under which types of activities in a Cash Flow Statement? | 2 | CO2 | BT2 |

Section-B

| Q. No. | Answer any two of the following (Within 300 words each) | Marks | CO | BT Level | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--------------------|------------|--------------------|----------|--|--|-----------------|-------|--------------------|-------|------------------|----------|-----------------------|--------|---------------|-------|------------------------------------|--|-----------------|-------|--------------------|-------|------------------|-------|------------------------------|--|---|-----|------|
| 2 (a) | How do cost accounting procedures and objectives differ from those of financial accounting? | 6 | CO1 | BT 1 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 (b) | <p>Bombay Manufacturing Company submits the following information on 31-03-2019</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Particulars</u></th> <th style="text-align: right;"><u>(₹)</u></th> </tr> </thead> <tbody> <tr> <td>Sales for the year</td> <td align="right">2,75,000</td> </tr> <tr> <td>Inventories at the beginning of the year</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">- Raw Materials</td> <td align="right">3,000</td> </tr> <tr> <td style="padding-left: 20px;">- Work-in-progress</td> <td align="right">4,000</td> </tr> <tr> <td style="padding-left: 20px;">- Finished Goods</td> <td align="right">1,10,000</td> </tr> <tr> <td>Purchase of Materials</td> <td align="right">65,000</td> </tr> <tr> <td>Direct Labour</td> <td align="right">6,000</td> </tr> <tr> <td>Inventories at the end of the year</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">- Raw Materials</td> <td align="right">4,000</td> </tr> <tr> <td style="padding-left: 20px;">- Work-in-progress</td> <td align="right">6,000</td> </tr> <tr> <td style="padding-left: 20px;">- Finished Goods</td> <td align="right">8,000</td> </tr> <tr> <td>Other expenses for the year-</td> <td></td> </tr> </tbody> </table> | <u>Particulars</u> | <u>(₹)</u> | Sales for the year | 2,75,000 | Inventories at the beginning of the year | | - Raw Materials | 3,000 | - Work-in-progress | 4,000 | - Finished Goods | 1,10,000 | Purchase of Materials | 65,000 | Direct Labour | 6,000 | Inventories at the end of the year | | - Raw Materials | 4,000 | - Work-in-progress | 6,000 | - Finished Goods | 8,000 | Other expenses for the year- | | 6 | CO3 | BT 3 |
| <u>Particulars</u> | <u>(₹)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales for the year | 2,75,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventories at the beginning of the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Raw Materials | 3,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Work-in-progress | 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Finished Goods | 1,10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase of Materials | 65,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct Labour | 6,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventories at the end of the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Raw Materials | 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Work-in-progress | 6,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Finished Goods | 8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other expenses for the year- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | |
|-------|---|--------|---|-----|------|
| | Selling expenses | 27,500 | | | |
| | Administrative expenses | 13,000 | | | |
| | Factory overheads | 40,000 | | | |
| | Prepare a Statement of Cost. | | | | |
| 2 (c) | Explain the importance of Cost accounting as a managerial tool. | | 6 | CO2 | BT 2 |

| Q. No. | Answer any two of the following (Within 300 words each) | Marks | CO | BT Level | | | | | | | | | | | | |
|------------------|---|----------------|-----------------|----------------|-----------------|------------------|-------|-------|-------|---------------|-------|-------|-------|---|------|------|
| 3 (a) | <p>A product passes through three distinct processes to completion. These processes are numbered respectively I, II, III. During the week ended 15th January 2020, 500 units are produced. Following information is obtained:</p> <table border="1"> <thead> <tr> <th></th> <th>Process I (₹)</th> <th>Process II (₹)</th> <th>Process III (₹)</th> </tr> </thead> <tbody> <tr> <td>Direct Materials</td> <td>3,500</td> <td>1,600</td> <td>1,500</td> </tr> <tr> <td>Direct Labour</td> <td>2,500</td> <td>2,000</td> <td>2,500</td> </tr> </tbody> </table> <p>The overhead expenses for the period were ₹ 1,400 apportioned to the processes on the basis of wages. No work-in-progress or process stocks existed at the beginning or at the end of the week. Prepare process accounts.</p> | | Process I (₹) | Process II (₹) | Process III (₹) | Direct Materials | 3,500 | 1,600 | 1,500 | Direct Labour | 2,500 | 2,000 | 2,500 | 7 | CO 2 | BT 2 |
| | Process I (₹) | Process II (₹) | Process III (₹) | | | | | | | | | | | | | |
| Direct Materials | 3,500 | 1,600 | 1,500 | | | | | | | | | | | | | |
| Direct Labour | 2,500 | 2,000 | 2,500 | | | | | | | | | | | | | |
| 3 (b) | State the difference between process costing and job costing. | 7 | CO 2 | BT 2 | | | | | | | | | | | | |
| 3 (c) | In process A 100 units of raw materials were introduced at a cost of ₹ 1,000. The other expenditure incurred by the process was ₹ 602. Of the units introduced 10% are normally lost in the course of manufacture and they possess a scrap value of ₹ 3 each. The output of Process A was only 75 units. Prepare Process A account and Abnormal Loss account. | 7 | CO 2 | BT 2 | | | | | | | | | | | | |

| Q. No. | Answer any two of the following (Within 300 words each) | Marks | CO | BT Level | | | | | | | | | | | | |
|-------------------------|---|-------------|---------------------|------------------|-----|---------------|----|------------------|----------------|-------------------------|----------------|---------------|-----|---|------|------|
| 4 (a) | <p>A factory is currently working at 50% of its capacity and produces 10,000 units of a product X, the unit price of which is ₹ 180 comprising of the following:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount per unit (₹)</th> </tr> </thead> <tbody> <tr> <td>Direct Materials</td> <td>100</td> </tr> <tr> <td>Direct Labour</td> <td>30</td> </tr> <tr> <td>Factory Overhead</td> <td>30 (40% fixed)</td> </tr> <tr> <td>Administrative Overhead</td> <td>20 (50% fixed)</td> </tr> <tr> <td>Selling Price</td> <td>200</td> </tr> </tbody> </table> <p>If the capacity is increased to 60%, raw material cost goes up by 2% and selling price falls by 2%. At 80% capacity, raw material cost goes up by 5% and selling price falls by 5%. You are required to prepare a flexible budget at 60% and 80% capacity.</p> | Particulars | Amount per unit (₹) | Direct Materials | 100 | Direct Labour | 30 | Factory Overhead | 30 (40% fixed) | Administrative Overhead | 20 (50% fixed) | Selling Price | 200 | 7 | CO 3 | BT 3 |
| Particulars | Amount per unit (₹) | | | | | | | | | | | | | | | |
| Direct Materials | 100 | | | | | | | | | | | | | | | |
| Direct Labour | 30 | | | | | | | | | | | | | | | |
| Factory Overhead | 30 (40% fixed) | | | | | | | | | | | | | | | |
| Administrative Overhead | 20 (50% fixed) | | | | | | | | | | | | | | | |
| Selling Price | 200 | | | | | | | | | | | | | | | |
| 4 (b) | <p>From the following information, calculate: i) P/V Ratio; ii) Break even sales; iii) Margin of Safety; iv) if sales are 20% above BEP, determine net profit. Sales (at ₹ 20 per unit): ₹ 1,00,000</p> | 7 | CO 3 | BT 3 | | | | | | | | | | | | |

| | | | | |
|-------|---|---|------|------|
| | Variable cost per unit: ₹ 15 Fixed overhead: ₹ 20,000 | | | |
| 4 (c) | <u>Standard:</u> Material for 80 kg finished products is 120 kg Price of Material ₹ 1.5 per kg <u>Actual:</u> Output 2,40,000 kg Material used 3,00,000 Cost of material ₹ 2,72,000 Calculate: i) Material Cost Variance; ii) Material Price Variance; and iii) Material Usage Variance | 7 | CO 3 | BT 3 |

| Q. No. | Answer any two of the following (Within 300 words each) | Marks | CO | BT Level | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|---|--------------|--------------|------------------------------|--------|---------------------------|-----------|----------------------------------|-----------|-----------------------------|-----------------------------------|------------------------|----------|-----------------------------|--------|---------------------------|------------|-------------|--------------|--------------|-------------------|----------|--------|----------------|--------|--------|----------------------|-------|-------|------------------|-------|-----|---|------|------|
| 5 (a) | From the following data, prepare a common size Income Statement for the year ended 31 st March, 2018 <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Particulars</th> <th>Year I (₹)</th> <th>Year II (₹)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>14,00,000</td> <td>16,00,000</td> </tr> <tr> <td>Cost of Goods sold</td> <td>10,00,000</td> <td>11,80,000</td> </tr> <tr> <td>Selling and distribution expenses</td> <td>90,000</td> <td>1,30,000</td> </tr> <tr> <td>Interest on loan</td> <td>80,000</td> <td>80,000</td> </tr> <tr> <td>Income tax</td> <td>40,000</td> <td>36,000</td> </tr> </tbody> </table> | Particulars | Year I (₹) | Year II (₹) | Sales | 14,00,000 | 16,00,000 | Cost of Goods sold | 10,00,000 | 11,80,000 | Selling and distribution expenses | 90,000 | 1,30,000 | Interest on loan | 80,000 | 80,000 | Income tax | 40,000 | 36,000 | 7 | CO 2 | BT 2 | | | | | | | | | | | | | |
| Particulars | Year I (₹) | Year II (₹) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 14,00,000 | 16,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Goods sold | 10,00,000 | 11,80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Selling and distribution expenses | 90,000 | 1,30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on loan | 80,000 | 80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income tax | 40,000 | 36,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 (b) | Explain any two limitations of Ratio Analysis. Calculate Inventory Turnover Ratio from the following information: Opening stock ₹ 29,000; Purchases ₹ 2,42,000; Sales ₹ 3,20,000; Gross Profit Ratio 25% on sales. | 2+5 | CO 2 CO 4 | BT 1 BT 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 (c) | X Ltd. earned a profit of ₹ 2,00,000 after charging the following items: <table style="margin-left: 20px;"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Depreciation on Fixed Assets</td> <td>25,000</td> </tr> <tr> <td>Loss on sale of furniture</td> <td>3,000</td> </tr> <tr> <td>Amortisation on Development Cost</td> <td>8,000</td> </tr> <tr> <td>Provision on doubtful debts</td> <td>2,400</td> </tr> <tr> <td>Provision for taxation</td> <td>40,000</td> </tr> <tr> <td>Transfer to General Reserve</td> <td>20,000</td> </tr> <tr> <td>Gain on sale of machinery</td> <td>9,000</td> </tr> </tbody> </table> The following additional information is given: <table style="margin-left: 20px;"> <thead> <tr> <th>Particulars</th> <th>31.03.21 (₹)</th> <th>31.03.20 (₹)</th> </tr> </thead> <tbody> <tr> <td>Trade Receivables</td> <td>1,00,000</td> <td>90,000</td> </tr> <tr> <td>Trade Payables</td> <td>60,000</td> <td>40,000</td> </tr> <tr> <td>Outstanding Expenses</td> <td>1,000</td> <td>5,000</td> </tr> <tr> <td>Prepaid Expenses</td> <td>2,000</td> <td>---</td> </tr> </tbody> </table> Calculate cash flow from operating activities. | Particulars | ₹ | Depreciation on Fixed Assets | 25,000 | Loss on sale of furniture | 3,000 | Amortisation on Development Cost | 8,000 | Provision on doubtful debts | 2,400 | Provision for taxation | 40,000 | Transfer to General Reserve | 20,000 | Gain on sale of machinery | 9,000 | Particulars | 31.03.21 (₹) | 31.03.20 (₹) | Trade Receivables | 1,00,000 | 90,000 | Trade Payables | 60,000 | 40,000 | Outstanding Expenses | 1,000 | 5,000 | Prepaid Expenses | 2,000 | --- | 7 | CO 4 | BT 4 |
| Particulars | ₹ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation on Fixed Assets | 25,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss on sale of furniture | 3,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amortisation on Development Cost | 8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision on doubtful debts | 2,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for taxation | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer to General Reserve | 20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gain on sale of machinery | 9,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | 31.03.21 (₹) | 31.03.20 (₹) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade Receivables | 1,00,000 | 90,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade Payables | 60,000 | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Outstanding Expenses | 1,000 | 5,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prepaid Expenses | 2,000 | --- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Course Outcomes | Marks Allotted | Percentage |
|------------------------|-----------------------|-------------------|
| CO1 | 16 | Approx 59% |
| CO2 | 42 | |
| CO3 | 27 | Approx 26% |
| CO4 | 12 | Approx 12% |