

Roll No:

## The Assam Royal Global University, Guwahati

Royal School of Commerce

B.Com Finance & Accounts 6<sup>th</sup> Semester

Semester End Examination, June 2024

Course Title: Cost & Management Accounting

Course Code : CFA042C601

Time: 3 Hours

Maximum Marks: 70

Note: Attempt all questions as per instructions given.

The figures in the right-hand margin indicate marks.

### Section – A

1. Attempt all questions. (Maximum word limit 50) 2 x 8

- a. State the meaning of cost centre.
- b. Explain the meaning of prime cost.
- c. Write the meaning of contract costing.
- d. Write types of firms where process costing is applicable.
- e. Define contribution in marginal costing.
- f. State two differences between budget and standard.
- g. What do you mean by intra-firm comparison?
- h. Dividend paid by trading company and interest received by finance company is classified under which types of activity while preparing a cash flow statement?

### Section – B

2. Attempt any one of the following: 12x1

- a. Describe the relationship between cost and financial accounting. Explain in brief the advantages of cost accounting. (6+6)
- b. The following figures have been taken from the books of M Ltd. as on 31.12.2019

<u>Particulars</u>	<u>Amount (₹)</u>
Stock of Raw Materials on 1.1.2019	35,000
Stock of Raw Materials on 31.12.2019	5,000
Purchase of Materials	50,000
Factory Wages	45,000
Factory expenses	17,500
Establishment expenses	10,000
Finished Stock on 1.1.2019	15,000
Finished Stock on 31.12.2019	7,500
Sales	2,00,000

The company manufactured 4000 units during the year 2019. The company is required to quote for the price for supply of 1000 units during the year 2020. The cost of material will increase by 15% and factory labour will cost more by 10% in the year 2020. Prepare a statement showing the price to be quoted to give the same percentage of net profit on sales as was realized during 2019.

3. Attempt any two of the following: 7 x 2

- a. Distinguish between job costing and batch costing.
- b. Bengal Chemical Co. Ltd. produced three chemicals during the month of July, 2020 by three consecutive processes. In each process 2% of the total weight put in is lost and 10% is scrap which from processes (1) and (2) realizes ₹ 100 a ton and from process (3) ₹ 20 a ton.

The products of three processes are dealt with as follows:

	Process 1	Process 2	Process 3
Passed on to the next process	75%	50%	--
Sent to warehouse for sale	25%	50%	100%
Expenses incurred:			

	Process 1		Process 2		Process 3	
	₹	Tons	₹	Tons	₹	Tons
Raw Materials	1,20,000	1,000	28,000	140	1,07,840	1,348
Manufacturing wages	20,500	---	18,520	---	15,000	---
General expenses	10,300	---	7,240	---	3,100	---

Prepare Process cost accounts showing the cost per ton of each product.

- c. Explain the basic principles to be followed in determining the amount of profit on uncompleted contracts.

4. Attempt **any two** of the following:

7 x 2

- a. Sonitpur Tea Co. is expecting to have ₹ 32,000 cash in hand on 1.4.2020. Prepare a cash budget for three months from April-June 2020 from the following information:

Month	Sales (₹)	Purchases (₹)	Wages (₹)	Expenses (₹)
February	70,000	44,000	6,000	5,000
March	86,000	50,000	7,000	8,000
April	90,000	66,000	10,000	6,000
May	90,000	78,000	12,000	8,000
June	1,22,000	60,000	17,000	6,000

Additional Information:

- I) Period of credit allowed by suppliers is 2 months  
 II) 25% of sales is for cash and period of credit allowed to customers for sales is one month.  
 III) Delay in payment of wages and expenses is one month.  
 IV) Income Tax ₹ 25,000 to be paid in June, 2020.

- b. From the following information, calculate- P/V Ratio; Fixed Cost and sales volume to earn a profit of ₹ 40,000:

Sales ₹ 1,20,000; Profit ₹ 20,000; Variable cost 70%

- c. Compute: i) Material Price Variance ; ii) Material Cost Variance; iii) Material Usage Variance

Quantity of material purchased 6,000 units

Value of Material purchased ₹ 18,000

Standard Quantity of material required per ton of output 60 units

Standard rate of material ₹ 4.50 per unit

Opening stock of materials 500 units

Closing stock of materials 1,500 units

Output during the year 110 tons

5. Attempt **any two** of the following:

7 x 2

- a. From the following information, prepare a Comparative Income Statement of X Ltd.

Particulars	2020	2021
Sales	₹ 20,00,000	₹ 25,00,000
Cost of Goods sold	80% of Sales	70% of sales
Indirect expenses	10% of Gross Profit	20% of Gross Profit
Income Tax	40%	40%

- b. Opening sundry creditors ₹ 80,000; Opening bills Payable ₹ 3,000; Closing sundry creditors ₹ 1,00,000; closing bills payable ₹ 17,000; Purchases ₹ 14,00,000; Cash purchases ₹ 5,00,000; Purchase Return ₹ 1,00,000. Calculate Creditors' Turnover Ratio.
- c. Moonshine Ltd. reported a Net Profit after tax ₹ 3,40,000 for the year ended 31<sup>st</sup> March 2022.

The balance sheets are as follows:

Particulars	31 <sup>st</sup> March 2021 (₹)	31 <sup>st</sup> March 2022 (₹)
Stock	72,000	69,000
Debtors	61,000	94,000
Prepaid expenses	3,000	14,000
Creditors	78,000	82,000
Provision for taxation	19,000	13,000

Depreciation charged on Plant & Machinery ₹ 49,000, insurance proceeds from earthquake disaster settlement ₹ 20,000 and profits on the sale of investments of ₹ 8,000 appeared in the Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2022. Calculate cash flow from Operating activities.