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2010

(August)

COMMERCE

Paper : 103

(Cost and Management Accounting)

Full Marks - 80

Time - Three hours

The figures in the margin indicate full marks for the questions.

Answer the following.

1. (a) What is activity-based costing? Discuss how it can be implemented in any industry with which you are familiar. 6+10=16

Or

- (b) What do you understand by cost reduction? Indicate the areas of cost reduction campaign.

7+9=16

2. (a) Mr. Dutta has started transport business with a fleet of 10 taxis. The various expenses incurred by him are given below : 16

- (i) Cost of each taxi Rs. 75,000
- (ii) Salary of office staff Rs. 1,500 p.m.
- (iii) Salary of garage staff Rs. 2,000 p.m.
- (iv) Rent of garage Rs. 1,000 p.m.
- (v) Driver's salary (per taxi) Rs. 400 p.m.
- (vi) Road tax and repairs per taxi Rs. 2,160 p.a.
- (vii) Insurance premium @ 4% p.a. on the cost of the vehicle.

The life of a taxi is 3,00,000 km and at the end of which it is estimated to be sold at Rs. 15,000. A taxi runs on an average 4,000 km per month of which 20% it runs empty. Petrol consumption is 9 km per litre of petrol costing Rs. 6.30 per litre. Oil and other sundry expenses amount to Rs. 10 per 100 km.

Calculate the effective cost of running taxi per kilometre. If the hire charge is Rs. 1.80 per km, find out the profit Mr. Dutta may expect to make in the first year of operation.

Or

- (b) From the following information, find the profit made by each product, apportioning joint costs on the sales-value basis. 16

Joint cost :		Rs.
Direct materials		1,26,000
Power		25,000
Petrol, oil, lubricants		5,000
Labour		7,500
Other charges		4,100
	Product X	Product Y
Selling costs	Rs. 20,000	Rs. 80,000
Sales	Rs. 1,52,000	Rs. 1,68,000

3. (a) From the Balance Sheet of A. Ltd., prepare a position statement as on that date and comment on financial position of the company. 16

Balance Sheet of A. Ltd.
as on 31st December, 2010

Liabilities	Rs.	Assets	Rs.
Share capital authorised :		Fixed assets :	
Issued and subscribed :		Plant and machinery	1,05,000
15,000 equity shares of Rs.10/- each called up	1,50,000	Other fixed assets	85,000
Reserves & surplus :		Investments (Long term)	25,000
Capital reserve	40,000	Current assets	
General reserve	30,000		1,30,000
Secured & unsecured loans	80,000		
Current liabilities	45,000		
	<u>3,45,000</u>		<u>3,45,000</u>

Or

- (b) Explain Trend percentages as a tool of analysis highlighting on methods of calculation, advantages, limitations and precautions to be taken. 5+5+6=16

4. (a) The profit of a company is Rs. 50,000 after charging interest of Rs. 6,000 on debentures and providing Rs. 24,000 for taxes, the assets of the company consist of fixed assets Rs. 2,00,000, current assets Rs. 6,00,000 and preliminary expenses Rs. 30,000. Discount on issue of Debenture is Rs. 10,000. Compute the return on capital employed.

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Or

- (b) What is ratio analysis? State the objects of Balance Sheet ratios.

5+11=16

5. (a) In calculation of figures for working capital projection what are time lag for payments to creditors for goods and time lag in payment of expenses and how are they calculated?

8+8=16

Or

- (b) Show the classification of working capital on different basis, depending on the purpose of analysis.

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