



(Pages : 4)

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Reg. No. : .....

Name : .....

Third Semester B.B.A. Degree Examination, December 2017  
(Career Related First Degree Programme Under CBCSS)

Core Course

**BM 1343 : COST AND MANAGEMENT ACCOUNTING**  
(2014 Admission Onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

(Very Short Answer Type)

**One** word to maximum of **two** sentences. Answer **all** questions. **Each** question carries **one** mark.

(10×1=10 Marks)

1. Define Management Accounting.
2. What is Prime cost ?
3. List the classification of cost on the basis of variability.
4. What is contribution ?
5. Give the meaning of financial statement analysis.
6. What is window dressing ?
7. How quick ratio can be computed ?
8. What is a fund flow statement ?
9. What is cash equivalent ?
10. What is a flexible budget ?



**SECTION – B**  
**(Short Answer)**

**Not** to exceed **one** paragraph, answer **any eight** questions. **Each** question carries **two** marks. **(8×2=16 Marks)**

11. Explain the nature of cost accounting.
12. Mention the objectives of Management Accounting.
13. Prime cost Rs. 6,52,500; factory on cost Rs. 1,49,750 opening work-in-progress Rs. 15,000; closing work-in-progress Rs. 10,000. Find out factory cost.
14. List the assumptions of marginal costing.
15. Sales Rs. 2,00,000; fixed cost Rs. 90,000; variable cost Rs. 1,25,000. Calculate profit.
16. What are the financial statements of a company ?
17. Point out the objectives of trend analysis.
18. The operating profit of A Ltd. after charging interest on debentures and tax is a sum of Rs. 10,000. Interest charged is Rs. 2,000 and provision for tax made Rs. 4,000. Calculate "Interest charges cover ratio".
19. Current ratio = 2.5 working capital Rs. 60,000. Calculate current liabilities.
20. State with reasons whether the following would affect flow of fund :  
i) Cash collected from debtors.  
ii) Purchased goods for cash.
21. "According to AS 3 (revised) the changes in cash flow arise on account of three activities". Explain.
22. What is a master budget ?

**SECTION – C**  
**(Short Essay)**

**Not** to exceed **120** words, answer **any six** questions. **Each** question carries **four** marks. **(6×4=24 Marks)**

23. Discuss the scope of Management Accounting.
24. Prepare a Cost Sheet from the following showing :  
a) Cost per unit              b) Profit for the period.



- Raw materials consumed Rs. 80,000
- Direct wages Rs. 48,000
- Machine hours worked 8000
- Machine hour rate Rs. 4
- Office overhead 10% of works cost
- Selling overhead Rs. 1.50 per unit
- Units produced 4000
- Units sold 3600 at Rs. 50 each.

25. Find the profit from the following :

	Rs.
Sales	80,000
Marginal cost	60,000
Break-even point	60,000

26. What is margin of safety ? How it can be increased ?

27. Explain the functions of financial statements.

28. Credit sales Rs. 12,000; Debtors Rs. 1,000; Bills receivable Rs. 1,000.  
Calculate Debtor's Turnover Ratio and debt collection period.

29. Describe uses of Funds Flow Statement.

30. Following is the position of Current Assets and Current Liabilities of Z Ltd. :

	2013 Rs.	2014 Rs.
Provision for Doubtful debts	1,000	-
Short-term loans	10,000	19,000
Creditors	15,000	10,000
Bills payable	20,000	40,000

The company incurred a loss of Rs. 45,000 during the year. Calculate cash from operating activities.

31. Prepare a flexible budget at 80% activity from following :

Production at 50% capacity	-	5000 units
Raw-materials	-	Rs. 80 per unit
Direct labour	-	Rs. 50 per unit
Expenses	-	Rs. 15 per unit
Factory Expenses	-	Rs. 50,000 (50% variable)
Administrative expenses	-	Rs. 60,000 (60% variable)



SECTION - D  
(Long Essay)

Answer any two questions. Each question carries 15 marks.

(2×15=30 Marks)

32. Prepare a cash budget for the three months ending 30<sup>th</sup> June 2014 from the following information :

a) Month	Cash Sales Rs.	Credit Sales Rs.	Credit Purchase Rs.	Cash Purchase Rs.	Other Expenses Rs.
2014 Feb.	60,000	90,000	80,000	45,000	20,000
March	90,000	1,05,000	1,00,000	70,000	26,000
April	85,000	1,60,000	90,000	80,000	24,000
May	70,000	1,10,000	1,00,000	75,000	30,000
June	65,000	1,20,000	1,30,000	75,000	35,000

b) Credit terms :

- i) Debtors are allowed one month time for making payment.
- ii) Creditors allow two months time for payment.
- iii) ½ month is the time taken for making payment of other expenses.

c) Every month Rs. 3,000 is to be paid for rent.

d) Cash and bank balance on 1-4-2014 is expected to be Rs. 4,000.

33. From the following prepare :

- i) Statement of changes in networking capital and
- ii) Funds flow statement.

Liabilities	Balance Sheets		Assets	(Rs. in Crores)	
	2013	2014		2013	2014
Share Capital	10	12	Bank	3	2
Debentures	6	4	Debtors	10	8
Accumulated Profit	3	4	Stock	4	6
Creditors	5	3	Machinery	11	12
Provision for Depreciation	4	5			
	<b>28</b>	<b>28</b>		<b>28</b>	<b>28</b>

A machine of original cost of Rs. 4 crores with accumulated depreciation of Rs. 3 crores was sold for 2 crores.

34. Define Cost Accounting. How does Cost Accounting differ from financial accounting ?

35. What do you mean by ratio analysis ? Make a classification of accounting ratios.

Reg. No. : .....

Name : .....

**Third Semester B.B.A. Degree Examination, October 2019**

**Career Related First Degree Programme Under CBCSS**

**Core Course : BM 1343 – Cost and Management Accounting**

**(2014 Admission – 2016 Admission)**

Time : 3 Hours

Max. Marks : 80

**PART – A**

- I. Answer **all** questions in one or two sentences. Each question carries 1 mark.
1. What is flexible budget?
  2. What is BEP?
  3. What do you mean by cash flow statement?
  4. Give two examples of cash flow from investing activity.
  5. What is absorption costing?
  6. Which are liquid assets?
  7. Define management accounting.
  8. What is direct labour?
  9. What is fund flow statement?
  10. What do you mean by price earnings ratio?

**(10 × 1 = 10 Marks)**

PART - B

II. Answer **any eight** questions not exceeding one paragraph. Each carries 2 marks.

11. What is common size statement analysis?
12. Mention different types of overheads.
13. What is a profit centre?
14. Explain Operating Ratio.
15. What is contribution margin?
16. From the following information find out current assets and liabilities  
Current ratio 2.5  
Working capital Rs.60,000
17. What is material budget?
18. From the following particulars calculate contribution and P/V ratio  
Selling price per unit 15  
Variable cost per unit 10
19. How do you treat taxes on income in cash flow statement?
20. What do you mean by make or buy decision?
21. From the following information given below calculate operating profit ratio.  
Cost of goods sold = Rs. 4,00,000  
Administrative and office expenses = Rs. 35,000  
Selling and distributive expenses = Rs. 45,000  
Net sales = Rs. 6,00,000
22. How do you treat stock of work in progress in cost sheet?

(8 × 2 = 16 Marks)

PART – C

III. Answer **any six** questions each question carries **4** marks.

23. State any two differences between cost accounting and management accounting.
24. Explain the term fund in fund flow statement.
25. From the following information, prepare statement of changes in working capital.

	Previous year	Current year
Current assets :		
Cash	10,000	15,000
Debtors	20,000	10,000
Stock	15,000	18,000
Bills receivable	6,000	7,000
Advance payments	400	200
Accrued income	100	100
Marketable securities	50,000	60,000
Current liabilities :		
Provision for doubtful debts	100	500
Creditors	10,000	8,000
Bills payable	1,000	1,200
Bank overdraft	5,000	7,000
Outstanding expenses	500	700
Income tax payable	2,000	1,000

26. The following is the revenue statement of Hind Traders Limited for the year ended 31<sup>st</sup> march 2017

Sales	5,00,000
Less : Cost of Goods sold	3,00,000
Gross profit	2,00,000
Less : Operating expenses	1,20,000
Operating Profit	80,000
Add : Non – Operating income	12,000
	92,000
Less : Non – Operating Expenses	4,000
Net Profit	88,000
Less : Tax 50%	44,000
Net Profit After Tax	44,000

Calculate (a) Gross Profit Ratio (b) Operating Ratio (c) Operating Profit Ratio (d) Net Profit Ratio

27. Briefly explain the limitations of accounting ratios.

28. The following are the income statements of a company for the year ending Dec 31 2016 and 2017. Prepare Common-size statement

	2016 (in '000s)	2017 (in '000s)
Sales	500	700
Miscellaneous Income	20	15
	520	715
Expenses		
Cost of sales	325	510
Office expenses	20	25
Selling expenses	30	45
Interest	25	30
	400	610
Net profit	120	105
	520	715

29. Differentiate between cash flow statement and fund flow statement.



30. Go-fact Co. Ltd furnishes the following information relating to one of the products in the line of products.

Selling price per unit	Rs. 100
Variable cost per unit	Rs. 50
Total fixed cost	Rs. 1,00,000

Calculate :

- Break – even point
  - P/V ratio
  - Sales required to earn a profit of Rs.50,000
31. Explain the importance of fund flow statement.

(6 × 4 = 24 Marks)

#### PART – D

IV. Answer **any two** questions not exceeding four pages each. Each question carries **15** marks.

32. Annual industries Ltd, submits the following information on 31<sup>st</sup> march 2017

Sales for the year Rs. 50,00,000

Inventories at the beginning of the year were :

Finished goods Rs. 1,50,000

Work – in – progress Rs. 80,000

Purchase of materials for the year Rs. 22,00,000

Materials inventory at the beginning of the year was Rs. 60,000

And at the end of the year Rs. 80,000

Direct labour Rs. 13,00,000

Factory overhead was 60% of direct labour cost

Inventories at the end of the year were:

Work-in-progress Rs. 1,20,000

Finished goods Rs. 1,60,000

Other expenses for the year were:

Selling expenses 10% of sales

Administration expenses 5 % of sales

Prepare a statement of cost

33. Explain the managerial uses of marginal costing.
34. The expenses budgeted for production of 10,000 units in a factory are furnished below. You are required to prepare a budget for the production of 6,000 units and 8,000 units

	Per unit
Materials	70
Labour	25
Variable factory overheads	20
Fixed factory overheads(Rs. 1,00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administrative expenses (Fixed- Rs. 50,000)	5
Total cost of sales per unit	<u>155</u>

35. Define cost accounting. Explain the nature and scope of cost accounting.

(2 × 15 = 30 Marks)

**Third Semester B.B.A. Degree Examination, October 2019**  
**Career Related First Degree Programme Under CBCSS**  
**Core Course : BM 1343 – COST AND MANAGEMENT ACCOUNTING**  
**(2017 Admission onwards)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

1. Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.
1. Define cost accounting.
  2. What is prime cost?
  3. How will you make a behavioural classification cost?
  4. Give the meaning of 'margin of safety'.
  5. What is trend analysis?
  6. What are activity ratios?
  7. Indicate whether the following transaction would affect fund. Why?  
Sold goods for cash.
  8. What are the cash equivalents?
  9. What is a master budget?
  10. List two features of Zero – Base budgeting.

**(10 × 1 = 10 Marks)**

SECTION – B

II. Answer any **eight** questions, **not** exceeding one paragraph each. **Each** question carries **2** marks.

11. Point out the objectives of cost accounting.

12. Mention the merits of a cost sheet.

13. Calculate break-even point (units)

	Rs.
Variable cost per unit	12
Fixed expenses	60,000
Selling price per unit	18

14. Prime cost Rs. 6,70,000; Manufacturing expenses Rs. 1,00,000; Opening stock of work-in-progress Rs. 60,000; closing stock of work-in-progress Rs. 50,000. Find cost of production.

15. Distinguish between Horizontal Analysis and Vertical Analysis.

16. Calculate:

(a) Current liabilities

(b) Current assets

Current Ratio = 1.6 : 1

Quick Ratio = 1.1 : 1

Stock = Rs. 50,000

17. Comment on the significance of Stock Turnover Ratio.

18. Is depreciation a source of fund? Discuss.

19. Name the commonly used functional budgets.

20. Trace the importance of a budget manual.

21. Identify the steps in the preparation of flexible budget.

22. What is margin of safety? How can it be improved?

(8 × 2 = 16 Marks)

## SECTION – C

III. Answer any **six** questions, **not** exceeding **one** page each. **Each** question carries **4** marks.

23. Differentiate between financial accounting and management accounting.

24. Prepare a cost sheet and show cost per unit. Raw materials consumed Rs. 80,000; Direct wages Rs. 48,000; Machine hours worked 8,000; Machine hour rate Rs. 4; Office overhead 10% of works cost; Selling overhead per unit Rs. 1.50; Units produced 4,000; units sold 3,600 at Rs. 50 each.

25. Draw a Break-even chart from the following details:

Budgeted output 1,00,000 units; Fixed expenses Rs. 5,00,000; Variable expenses Rs. 10 per unit; Selling price Rs. 20 per unit.

26. The following is the income statement of a company for the year ending 31 March 2018

	Rs.
Sales	500
Miscellaneous income	20
Total	<u>520</u>
Expenses:	
Cost of sales	325
Office expenses	20
Selling expenses	30
Interest	25
	<u>400</u>
Net profit	120
	<u>520</u>

Prepare a common size income statement.

27. From the following calculate stock turnover ratio and gross profit ratio:

Opening stock Rs. 24,000; Closing stock Rs. 26,000; Purchases Rs. 73,000;  
Wages Rs. 20,000; Sales Rs. 1,20,000 carriage Rs. 9,000.

28. Calculate funds from operation from the following:

	2017	2018
	Rs.	Rs.
P&L a/c balance	60,000	80,000
General reserve	20,000	25,000
Goodwill	10,000	5,000
Preliminary expenses written off	5,000	2,500
Depreciation on fixed assets	15,000	20,000
Profit on sale of machinery	6,000	8,500

29. Summarise the managerial uses of cash flow statement.

30. Prepare a flexible budget at 80% and 100% activity:

Production at 50% capacity – 5,000 units

Raw materials – Rs. 80 per unit

Direct labour – Rs. 50 per unit

Expenses – Rs. 15 per unit

Factory expenses – Rs. 50,000 (50% variable)

Administrative expenses – Rs. 60,000 (60% variable)

31. What are the advantages of Budgetary control?

(6 × 4 = 24 Marks)

## SECTION – D

IV. Answer any **two** questions not exceeding **4** pages each. **Each** question carries **15** marks.

32. "The scope of management accounting is very vast" – Explain.

33. From the following Balance sheet prepare a cash flow statement:

Liabilities	2017 Rs.	2018 Rs.	Assets	2017 Rs.	2018 Rs.
Equity share capital	1,50,000	2,00,000	Goodwill	36,000	20,000
12% Pref. capital	75,000	50,000	Buildings	80,000	60,000
General reserve	20,000	35,000	Plant	40,000	1,00,000
P&L a/c	15,000	24,000	Debtors	1,19,000	1,54,500
Creditors	37,500	49,500	Stock	10,000	15,000
			Cash	12,500	9,000
	<u>2,97,500</u>	<u>3,58,500</u>		<u>2,97,500</u>	<u>3,58,500</u>

Depreciation charged on plant was Rs. 10,000 and on building Rs. 60,000

34. Describe briefly the major tools and techniques used in the financial statement analysis.

35. Prepare a cash budget from April to June 2018, indicating the extent of bank facilities company requires at the end of each month:

(a) 2018	Sales Rs.	Purchases Rs.	Wages Rs.
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000

2018	Sales Rs.	Purchases Rs.	Wages Rs.
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

(b) 50% of the credit sales are realised in the month following the sales and the remaining 50% in the second months following. Creditors are paid in the month following the month of purchase.

(c) Cash at bank on 1<sup>st</sup> April 2018 (estimated) Rs. 25,000

**(2 × 15 = 30 Marks)**

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Reg. No. : .....

Name : .....

**Third Semester B.B.A. Degree Examination, January 2019**  
**Career Related First Degree Programme Under CBCSS**  
**Core Course : BM 1343 : COST AND MANAGEMENT ACCOUNTING**  
**(2017 Admission)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

I. Answer **all** questions in **one** or **two** sentences. **Each** carries 1 mark.

**(10×1=10 Marks)**

- 1) Define cost control.
- 2) What is a cost centre ?
- 3) Identify the components of works cost.
- 4) How will you calculate the P.V. ratio ?
- 5) List the important long term solvency ratios.
- 6) What is vertical analysis ?
- 7) Indicate whether the following transaction would affect fund. Why ?  
Purchased goods for cash.
- 8) Outline the classification of cash flows according to AS 3 (revised).
- 9) What is a functional budget ?
- 10) Give the meaning of the term "Key factor".

**SECTION – B**

II. Answer **any 8** questions **not** exceeding **one** paragraph **each**. **Each** question carries 2 marks.

**(8×2=16 Marks)**

- 11) Specify the objectives of management accounting.
- 12) Distinguish between cost accounting and management accounting.
- 13) A company estimates that next year it will earn a profit of Rs. 50,000. The budgeted fixed cost and sales are Rs. 2,50,000 and Rs. 9,93,000 respectively. Find out BEP.

P.T.O.



- 14) Direct : materials Rs. 10,000, Labour Rs. 4,000, Expenses Rs. 500, Factory expenses Rs. 2,500, selling expenses Rs. 300, Sales Rs. 20,000.

Find out the elements of cost.

- 15) Make a list of the important tools and techniques of financial analysis.

- 16) Find out :

i) Current assets and

ii) Current liabilities

Current Ratio 2.5

Liquid Ratio 1.5

Working capital Rs. 60,000.

- 17) Comment on the significance of Debt-Equity ratio.

- 18) Mention any four sources of fund.

- 19) What do you mean by the term 'flow of cash' ?

- 20) Define Budgetary control. How is it different from Budgeting ?

- 21) Enumerate the advantages of master budget.

- 22) Notify four uses of cash flow statement.

### SECTION - C

- III. Answer **any six** questions **not** exceeding **one** page. **Each** question carries **four** marks.

(6×4=24 Marks)

- 23) "Cost Accounting has become an essential tool in the hands of management".  
Comment.

- 24) A factory produces 1000 units. The cost is :

Direct materials Rs. 25,000; Direct wages Rs. 15,000;

Direct expenses Rs. 2,000; Factory overheads Rs. 7,800;

General overheads Rs. 4,200.

Prepare a cost sheet and determine, if a profit of 25% on sales is to be realised, what would be the selling price of each unit ?



25) From the following prepare a break-even chart :

Fixed cost Rs. 2,000; variable cost Re. 0.50 per unit; sales Re. 1 per unit; units produced and sold 2,000, 4,000, 6,000 and 10,000.

26) Prepare a comparative income statement from the following :

	2017	2018
Sales (Rs.)	1,00,000	2,00,000
Cost of goods sold (% of sales)	60%	70%
Indirect expenses	10% of Gross profit	
Rate of Income tax	50% of Net profit before tax	

27) Find out inventory turnover ratio :

Cash sales Rs. 8,000; credit sales Rs. 20,000; returns inwards Rs. 1,000; opening stock Rs. 2,500; closing stock Rs. 3,000 and gross profit 25%.

28) From the following determine funds from operation.

Net Loss Rs. 4,000; depreciation Rs. 10,000; Provision for bad debts Rs. 5,000; Preliminary expenses written off Rs. 1,000; Goodwill written off Rs. 2,000; Loss on sale of plant Rs. 3,000.

29) Explain the uses of funds flow statement.

30) The following budget estimates are available from a factory working at 50% of the capacity.

	Rs.
Variable expenses	60,000
Semi-variable expenses	20,000
Fixed expenses	10,000

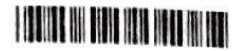
Prepare a budget for 75% of the capacity assuming that semi-variable expenses increase by 10% for every 25%.

31) How does a cash flow statement differ from a fund flow statement ?

#### SECTION – D

IV. Answer **any two** questions **not** exceeding four pages **each**. **Each** question carries 15 marks. **(2×15=30 Marks)**

32) "Marginal costing is an important tool in the hands of management". Discuss its advantages.



33) Balance Sheet of a firm as on 31 March 2017 and 2018 are given below :

Liabilities	31-3-17	31-3-18	Assets	31-3-17	31-3-18
	Rs.	Rs.		Rs.	Rs.
Share capital	1,00,000	1,60,000	Fixed Assets, cost	1,52,000	2,00,000
Retained earnings	70,250	85,300	Inventory	93,400	89,200
Accumulated dep.	60,000	40,000	Debtors	30,800	21,100
12% Debentures	50,000	-	Bank	28,100	20,000
Sundry creditors	28,000	48,000	Prepaid expenses	3,950	3,000
	<b>3,08,250</b>	<b>3,33,300</b>		<b>3,08,250</b>	<b>3,33,300</b>

Following additional information for 2018 are also given :

- 1) Net profit Rs. 27,050.
- 2) Depreciation charged Rs. 10,000.
- 3) Cash dividend declared during 2017 - 18 Rs. 12,000.
- 4) An addition to the building was made during the year at a cost of Rs. 78,000 and fully depreciated equipment costing Rs. 30,000 was discarded as no salvage being realised.

Prepare a cash flow statement.

- 34) What are financial statements ? Explain why these statements are important.
- 35) Prepare a cash Budget from July to Sept. 2018.

	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)
June	2,40,000	1,80,000	26,000
July	2,60,000	1,90,000	27,500
August	2,00,000	1,44,000	22,500
September	1,80,000	1,50,000	23,000

- 1) 50% of sales are for cash and 50% on credit. Credit sales are realised in the month following the sale.
- 2) Creditors are paid in the month following the month of purchase.
- 3) Plant costing Rs. 20,000 is to the purchased in July, 50% of the same is paid in the month and the remaining 50% in the next month.
- 4) Cash balance on 1<sup>st</sup> July is Rs. 8,000.



Reg. No. : .....

Name : .....

**Third Semester B.B.A. Degree Examination, January 2019**  
**Career Related First Degree Programme under CBCSS**  
**Core Course : BM 1343 – COST AND MANAGEMENT ACCOUNTING**  
**(2014 Admission – 2016 Admission)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

I. Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.

- 1) What is selling expense ?
- 2) What is angle of incidence ?
- 3) What is comparative statement analysis ?
- 4) Which are absolute liquid assets ?
- 5) What is inventory turnover ratio ?
- 6) What is fund flow statement ?
- 7) What do you mean by key factor ?
- 8) Define cost sheet.
- 9) Give two examples of cash flow from financing activity.
- 10) What is fixed budget ?

**(10×1=10 Marks)**



## SECTION - B

II. Answer **any 8** questions **not exceeding one paragraph each**. Each carries **2** marks.

- 11) What is the treatment of scrap in cost sheet ?
- 12) What do you mean by indirect cost and write any two examples.
- 13) What is trend analysis ?
- 14) Explain operating costing.
- 15) Differentiate between sunk cost and opportunity cost.
- 16) From the following information find out the amount of profit earned during the year using the marginal costing technique.

Fixed cost	Rs. 2,50,000
Variable cost	Rs. 10 per unit
Selling price	Rs. 15 per unit
Output level	75,000 units.

- 17) Explain budget manual.
- 18) The cost of goods sold ESP Limited is Rs. 5,00,000. The opening stock/ inventory is Rs. 40,000 and the closing inventory is Rs. 60,000 (at cost). Find out inventory turnover ratio.
- 19) From the following information given below Calculate operating profit ratio.  
Cost of goods sold = Rs. 4,00,000  
Administrative and office expenses = Rs. 35,000  
Selling and distributive expenses = Rs. 45,000  
Net sales = Rs. 6,00,000.

20) How do you treat proposed dividend in a funds flow statement ?

21) State any two differences between contribution and profit.

22) What is schedule of changes in working capital ?

(8×2=16 Marks)

### SECTION - C

III. Answer any six questions not exceeding one page each. Each question carries four marks.

23) From the following information, interpret the results of operation of manufacturing concern using trend ratios.

amount in '000 rupees

	2006	2005	2004	2003
Sales (net)	13,000	12,000	9,500	10,000
Cost of goods sold	7,280	6,960	5,890	6,000
Gross profit	5,720	5,040	3,610	4,000
Selling expenses	1,200	1,100	970	1,000
Net operating profit	4,520	3,940	2,640	3,000

24) Calculate the following ratios from the following information given below :

- Gross profit ratio
- Stock turnover ratio
- Fixed asset turnover ratio
- Current ratio
- Liquid ratio.

Sales	25,20,000	Other current assets	7,60,000
Cost of sales	19,20,000	Fixed assets	14,40,000
Net profit	3,60,000	Net worth	15,00,000
Opening stock	3,00,000	Long term debts	9,00,000
Closing stock	5,00,000	Current liabilities	6,00,000



25) From the following information, prepare a cost sheet of M/S Anand Ltd., showing the cost of production and profit per unit.

Units produced	100
Units sold	80
Direct materials consumed	Rs. 400 per unit
Direct labour hours worked	1,000
Hourly rate of labour	Rs. 10
Factory overhead	Rs. 5 per labour hour
Office overhead	10% of works cost
Selling overhead at	Rs. 15 per unit sold
Margin of profit	20% on selling price.

26) Briefly explain the characteristics of management accounting.

27) Explain the different methods of financial statement analysis.

28) From the following particulars, prepare funds flow statement.

	Jan. 01	Dec. 31
Cash	2,000	1,800
Debtors	17,500	19,200
Stock	12,500	11,000
Land	10,000	15,000
Building	25,000	27,500
Machinery	40,000	43,000
	<b>1,07,000</b>	<b>1,17,500</b>



Creditors	18,000	20,500
Bank loans (long term)	15,000	22,500
Capital	74,000	74,500
	<b>1,07,000</b>	<b>1,17,500</b>

During the year drawing by the proprietor for personal use amounted to Rs. 13,000.

Provision for depreciation on machinery stood at Rs. 13,500 on Jan. 1 and at Rs. 18,000 on Dec. 31.

- 29) Differentiate between fixed and flexible budget.
- 30) From the following information, Calculate the break even point in units and in sales value.

Output = 3,000 units

Selling price per unit = Rs. 30

Variable cost per unit = Rs. 20

Total fixed cost = Rs. 20,000.

- 31) Explain the significance of cash flow statement. **(6×4=24 Marks)**

#### SECTION - D

IV. Answer **any two** questions **not exceeding four pages each**. Each question carries **15** marks.

- 32) Define management accounting. Explain the objectives and scope of management accounting.
- 33) What is budgeting ? Briefly explain the advantages and limitations of budgetary control.



34) From the following summary cash account of X Ltd. Prepare cash flow statement for the year ended 31<sup>st</sup> March 2017 using direct method. The company does not have any cash equivalents.

**Summary cash account for the year ended 31-3-2017**

	Rs. '000	Rs. '000
Balance	50	Payment to suppliers 2,000
Issue of equity shares	300	Purchase of fixed assets 200
Receipts from cash flows	2,800	Overhead expenses 200
Sale of fixed assets	100	Wages and salaries 100
		Taxation 250
		Dividend 50
		Repayment of bank loan 300
		Balance on 31-3-2017 150
	<b>3,250</b>	<b>3,250</b>

35) From the following supplied by Bright Ltd. Prepare a cash budget from 1-9-2017 to 31-12-2017.

Month	Credit purchases	Credit sales	Wages	Selling expenses	Overheads
July	85,000	1,60,000	32,000	8,000	10,000
August	92,000	1,85,000	37,000	9,500	11,500
Sept.	1,00,000	2,10,000	42,000	10,500	13,000
Oct.	1,20,000	2,45,000	49,000	12,500	14,500
Nov.	90,000	1,78,000	35,000	8,900	10,500
Dec.	98,000	1,82,000	36,000	9,000	11,000



**Additional information :**

- a) Expected cash balance on 1<sup>st</sup> Sep. Rs. 10,500.
- b) Period of credit allowed to Debtors 2 months.
- c) Period of credit allowed by Creditors 1 month.
- d) Lag in payment of wages, selling expenses and overhead 1 month.
- e) Expenditure on machinery worth Rs. 50,000 is payable in October.
- f) Expected cash sales per month Rs. 15,000.

**(2×15=30 Marks)**

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