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Reg. No. :

Name :

Third Semester B.B.A. Degree Examination, March 2022

Career Related First Degree Programme Under CBCSS

Group 2(b)

Core Course

BM 1343 : COST AND MANAGEMENT ACCOUNTING

(2019 & 2020 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Very short answer type Questions. (One word to maximum of 2 sentences).
Answer all questions. Each question carries 1 mark.

1. What is Break-even point?
2. What is contribution?
3. What is common size income statement?
4. What is Trend percentage analysis?
5. What is Overheads?
6. What is cash flow statement?
7. What is master budget?
8. What is acid test ratio?

9. What is activity ratio?
10. What is cost sheet?

(10 × 1 = 10 Marks)

SECTION – B

Short Answer Questions (Not to exceed one paragraph) Answer any eight questions. Each question carries 2 marks.

11. What is sunk costs and opportunity costs?
12. A company has a closing stock of Rs. 30,000 while its prepaid expenses are Rs. 5,000. What will be its quick assets ratio if the current assets are worth Rs. 50,000 while current liabilities are worth Rs. 15,000?
13. Discuss the significance and objectives of Inventory turnover ratio.
14. What is fixed, variable and semi-variable costs?
15. Write down the features of management accounting?
16. Discuss the assumptions and limitations of Break-even point.
17. Sales - Rs. 1,00,000, variable cost - Rs. 25,000 and fixed cost - Rs. 20,000, find out the contribution and profit.
18. Explain Margin of Safety.
19. Calculate the factory cost.

| | |
|--------------------------|----------|
| Cost of Direct Materials | 2,00,000 |
| Direct Wages | 50,000 |
| Direct Expenses | 10,000 |
| Wages of Foreman | 5,000 |
| Electric Power | 2,000 |
| Lighting of the Factory | 4,000 |
| Storekeeper's Wages | 2,500 |
| Oil and Water | 1,000 |

| | |
|---------------------------|--------|
| Rent of the Factory . | 10,500 |
| Depreciation in Plant | 1,000 |
| Consumable Store | 5,000 |
| Repairs and Renewal Plant | 7,000 |

20. Distinguish between cost centre and cost unit.
21. What is solvency ratios?
22. Explain cash flow from investing activities.
23. What are features of marginal costing?
24. Explain the advantages of financial statements.
25. What do you mean by horizontal and vertical analysis?
26. What is operating expenses? Give some examples?

(8 × 2 = 16 Marks)

SECTION – C

Short essay questions. (Not to Exceed 120 words). Answer any six questions. Each question carries 4 marks.

27. Calculate the Inventory Turnover Ratio:

Revenue from operations – 2,00,000

Gross profit – 25% on cost

Opening Inventory – $\frac{1}{3}$ rd of the value of closing Inventory

Closing Inventory – 30% of revenue from operations

28. Give a standard format for cost sheet.
29. The sales of a company are @ 'Rs. 200 per unit 20,00,000

Variable cost 12,00,000

Fixed cost 6,00,000

Determine the BEP. How much profit is the company making?

30. Discuss the limitations of financial statements.

31. What is flexible budget?

32. Distinguish between traditional budgeting and zero base budgeting.

33. Explain the procedure for preparation of cash flow statement.

34. Prepare a statement showing changes in working capital during 2020.

From the following, Sheet of Venus Ltd as on 31st December

| Liabilities | 2019 Rs. | 2020 Rs. | Assets | 2019 Rs. | 2020 Rs. |
|---------------------|------------------|------------------|----------------------|------------------|------------------|
| Share capital | 5,00,000 | 6,00,000 | Fixed-Assets | 10,00,000 | 11,20,000 |
| Reserves | 1,50,000 | 1,80,000 | Less: Depreciation | 3,70,000 | 4,60,000 |
| Profit and Loss A/c | 40,000 | 65,000 | | 6,30,000 | 6,60,000 |
| Debitures | 3,00,000 | 2,50,000 | Stock | 2,40,000 | 3,70,000 |
| Creditors for goods | 1,70,000 | 1,60,000 | Book Debts | 2,50,000 | 2,30,000 |
| Provision for tax | 60,000 | 80,000 | Cash in hand | 80,000 | 60,000 |
| | | | Preliminary expenses | 20,000 | 15,000 |
| | <u>12,20,000</u> | <u>13,35,000</u> | | <u>12,20,000</u> | <u>13,35,000</u> |

35. From the following information, calculate Debtors Turnover Ratio and Average Collection Period.

| | |
|-------------------------------------------|---------------|
| Total Sales for 2020 | Rs. 15,00,000 |
| Cash Sales for 2020 | Rs. 5,00,000 |
| Debtors on 1 st January 2020 | Rs. 1,90,000 |
| Debtors on 31 st December 2020 | Rs. 2,10,000 |
| No. of working days in a year | 365 days |

6. A manufacturing company is currently working at 50% capacity and produces 10,000 units at a cost of Rs.180 per unit as per the following details.

| | |
|-------------------|---------------------|
| Materials | : Rs.100 |
| Labor | : Rs.30 |
| Factory Overheads | : Rs.30 [40% fixed] |

| | | |
|--------------------------|---|-------------------|
| Administrative Overheads | : | Rs.20 [50% fixed] |
| Total Cost per Unit | : | Rs.180 |

The selling price per unit at present is Rs.200. At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%. At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%. Prepare a Flexible Budget to show the profits/losses at 50%, 60% and 80% capacity utilization.

37. Discuss the scope of cost accounting.
38. Yash Ltd. furnishes the following information of its Product Y.

| Production (units) | Present 10,000 | Proposed 10,000 |
|------------------------|----------------|-----------------|
| Selling price per unit | 50 | 40 |
| Variable cost per unit | 30 | 30 |
| Fixed cost p.a | 60,000 | 60,000 |

Calculate the PV ratio, break-even point and margin of safety.

(6 × 4 = 24 Marks)

SECTION – D

Long Essay questions. Answer any two questions. Each question carries 15 marks.

39. What is budgetary control? What are the advantages and disadvantages of budgetary control?
40. Distinguish between Cash flow statement and Fund flow statement.
41. Distinguish between Financial Accounting and Cost Accounting.
42. Explain the elements of cost.

43. From the following profit and loss account, you are required to compute cash from operations. Profit and Loss Account for the year ending 31st Dec 2020

| | Rs. | | Rs. |
|---------------------------|---------------|---------------------------|---------------|
| To salaries | 10,000 | By Gross Profit | 50,000 |
| To rent | 2,000 | By Profit on sale of land | 10,000 |
| To Depreciation | 4,000 | By Income tax refund | 6,000 |
| To loss on sale of plant | 2,000 | | |
| To Goodwill written off | 8,000 | | |
| To Proposed Dividend | 10,000 | | |
| To Provision for taxation | 10,000 | | |
| To Net Profit | 20,000 | | |
| | <u>66,000</u> | | <u>66,000</u> |

44. Explain the ratio analysis. What are the advantages and disadvantages of ratio analysis?

(2 × 15 = 30 Marks)