



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. (10x1=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	2014
	Rs.	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.

(2x15=30 Marks)

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

a) Month	Cash Sales	Credit Sales	Credit Purchase	Cash Purchase	Other Expenses
	Rs.	Rs.	Rs.	Rs.	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			
	28	28		28	28

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.