

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
(2017 Admission onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

I. 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)

P.T.O.

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	<u>120</u>
	<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 1st April 2018 (estimated) Rs. 25,000

(2 × 15 = 30 Marks)