



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.



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
	3,08,250	3,33,300		3,08,250	3,33,300

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 1st July is Rs. 8,000.