

Reg. No. : .....

Code No. : 10413 E      Sub. Code : AMBA 41

B.B.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022.

Fourth Semester

Business Administration – Core

COST AND MANAGEMENT ACCOUNTING

(For those who joined in July 2020 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. Overhead cost is the total of
  - (a) all indirect costs
  - (b) all direct costs
  - (c) all direct and indirect costs
  - (d) all specified cost

2. Which one of the following is not considered for preparation of cost sheet?
- (a) Factory cost
  - (b) Goodwill written off
  - (c) Selling cost
  - (d) Labour cost
3. Margin of Safety is the difference between
- (a) planned sales and planned profit
  - (b) actual sales and break-even sales
  - (c) planned sales and actual sales
  - (d) planned sales and planned expenses
4. Break - even point occurs at 40% of total capacity, margin of safety will be \_\_\_\_\_
- (a) 40%
  - (b) 60%
  - (c) 70%
  - (d) 20%
5. Return on investment is a \_\_\_\_\_
- (a) turnover ratio
  - (b) long term solvency ratio
  - (c) short term solvency ratio
  - (d) profitability ratio

6. Inventory or stock turnover ratio is also called \_\_\_\_\_
- (a) stock velocity ratio
  - (b) debtors velocity ratio
  - (c) creditors velocity ratio
  - (d) working capital turnover ratio
7. Increase in working capital is \_\_\_\_\_
- (a) Source of funds
  - (b) Loss from operation
  - (c) Application of funds
  - (d) Funds from operation
8. In the context of Cash Flow Statement, the term "Fund" refers to
- (a) Working capital
  - (b) Cash and cash equivalents
  - (c) Total Resources
  - (d) Marginal Resources

9. The budget which usually takes the form of budgeted profit and loss account and balance sheet is known as
- (a) Flexible budget
  - (b) Master budget
  - (c) Cash budget
  - (d) Purchase budget
10. One of the most important tools in cost planning is
- (a) direct cost
  - (b) indirect cost
  - (c) cost sheet
  - (d) managerial costing

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

11. (a) Explain the nature of management accounting.

Or

- (b) What is cost sheet? Explain.

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12. (a) A company estimates that next year it will earn a profit of Rs.50,000. The budgeted fixed costs and sales are Rs.2,50,000 and Rs.9,93,000 respectively. Find out the break-even point for the company.

Or

- (b) The standard time and rate for unit, component "Z" are given below:

Standard hours per unit 15

Standard rate Rs. 4 per hour

The actual data and related information are as under:

Planned production 1,200 units

Actual production 1,000 units

Actual hours 15,300 hours

Actual rate 3.90 per hours

Calculate Labour Cost Variance

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13. (a) From the following balance sheet of a company, you are required to prepare a common size Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	1,31,6000	Cash	54,000
Fixed liabilities	4,50,000	Debtors	4,40,000
Sundry creditors	84,000	Stock	2,00,000
Other liabilities	1,56,000	Prepaid expenses	22,000
		Bills receivables	20,000
		Fixed Assets	12,70,000
	<u>20,06,000</u>		<u>20,06,000</u>

Or

- (b) From the following balance sheet of Aditya Limited calculate current ratio and liquid ratio

	Rs.		Rs.
Share Capital	30,000	Fixed assets	16,500
Creditors	8,000	Cash	1,000
Bills Payable	2,000	Book debts	6,000
Provision for Tax	3,500	Bills receivables	2,000
		Stock	17,500
		Pre paid expenses	500
	<u>43,500</u>		<u>43,500</u>

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14. (a) What is cash flow statement? Explain.

Or

- (b) After taking on to consideration the under mentioned items, ABC Limited made a net profit of Rs.1,00,000 for the year ended 31<sup>st</sup> December 2013.

Loss on sale of machinery	10,000
Depreciation on building	4,000
Depreciation on machinery	5,000
preliminary expenses written off	5,000
provision for taxation	10,000
goodwill written off	5,000
Gain on sale of buildings	8,000
Find out cash from operation.	

15. (a) What is master budget? Explain.

Or

- (b) Briefly explain the uses of budgets.

PART C — (5 × 8 = 40 marks)

Answer any THREE questions, choosing either (a) or (b).

16. (a) Discuss the differences between financial accounting and management accounting.

Or

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- (b) Prepare cost sheet from the following particular in the book of B.

Raw material purchased = Rs. 1, 20,000

Paid freight charges = Rs 10,000

Wages paid to laborers = Rs 35,000

Directly chargeable expenses = Rs 25,000

Factory on cost = 20% of prime cost

General and administrative expenses = 4% of factory cost

Selling and distribution expenses = 5% of production cost

Profit 20% on sales

	Opening Stock	Closing Stock
Raw Material	15,000	20,000
Work in progress	17,500	24,000
Finished goods	20,000	27,500

17. (a) Explain the applications of variance analysis.

Or

- (b) From the following details find out (i) Profit Volume Ratio (ii) B.E.P. (iii) Margin of safety.

Sales	Rs. 1,00,000
Total cost	Rs. 80,000
Fixed cost	Rs. 20,000
Net profit	Rs. 20,000

18. (a) Explain the techniques of financial statement analysis.

Or

- (b) From the following balance sheet, compute the following ratio

(i) Current ratio

(ii) Liquid ratio

(iii) Proprietary ratio

(iv) Debt equity ratio

(v) Current assets to working capital ratio

Balance Sheet as on 31<sup>st</sup> December 2012

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Plant and machinery	2,00,000
10% Preference share capital	1,00,000	Land and building	2,00,000
20% Debentures	1,00,000	Stock	1,50,000
Reserves and Surplus	1,00,000	Debtors	50,000
Loan (long term)	50,000	Cash	1,00,000
Creditors	1,00,000		
Bank overdraft	50,000		
	<u>7,00,000</u>		<u>7,00,000</u>

19. (a) Explain the steps in preparation of cash flow statement.

Or

- (b) Prepare a Funds Flow statement from the following particulars.

Liabilities	2012	2013	Assets	2012	2013
Share Capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stocks	1,21,000	1,36,000
Profit and loss account	14,000	31,000	Debtors	1,81,000	1,70,000

		Cash	1,43,000	2,70,000
	<u>5,20,000</u>	<u>6,76,000</u>	<u>5,20,000</u>	<u>6,76,000</u>

20. (a) A company is expecting to have Rs. 25,000 cash in hand on 1st April 2003 and it requires you to prepare an estimate of cash position in respect of three months from April to June 2003, from the information given below:

	Sales Rs.	Purchase Rs.	Wages Rs.	Expenses Rs.
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Additional Information:

- Period of credit allowed by suppliers - two months.
- 25 % of sale is for cash and the period of credit allowed to customer for credit sale one month.
- Delay in payment of wages and expenses one month.
- Income Tax Rs. 25,000 is to be paid in June 2003.

Or

- (b) Thomas Engineering Co. Ltd. Manufactures two articles X and Y. Its sales department has three divisions: West, South and East. Preliminary sales budgets for the year ending 31<sup>st</sup> December 2003. Based on the assessments of the divisional executives:

Product X: West 40,000 units: South 1,00,000 units and East 20,000 units

Product Y : West 60,000 units: South 8,00,000 units and East Nil

Sales Price X Rs. 2 and Y Rs. 3 in all areas.

Arrangements are made for the extensive advertising of product X and Y and it is estimated that West division sales will increase by 20,000 units. Arrangements are also made to advertise and distribute product Y in the Eastern area in the second half of 2003 when sales are expected to be 1,00,000 units. Since the estimated sales of the South division represented an unsatisfactory target, it is agreed to increase both the estimates by 10 %.

Prepare a sales budget for the year to 31<sup>st</sup> December 2003.

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