(7 pages)

APRIL 2019

# 65158/KDA2A

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. Define costing.
2. What is cost reduction?
3. What do you mean by defectives?
4. Define job costing.
5. Write a note on JIT.
6. Explain the meaning of process costing.
7. What is a budget?
8. What is master budgeting?
9. Define marginal cost.
10. What do you meant by contribution?
11. Define ratio analysis.
12. What is a fund from operations?

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Distinguish between job costing and process costing.

14. What are the problems in installation of costing system?

15. What are the merits of job costing?

16. Samson & Co., produces a product through two processes R and S. The following details pertaining to process R for January 1996 are available.

| | Rs. |
|---|---|
| Inputs : | |
| Materials (500 units) | 10,000 |
| Labour | 8,000 |
| Indirect expenses | 7,000 |

Normal loss in the process is estimated at 5% of the input which possesses a scrap value of Rs. 31 per unit. Prepare the process account.



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17. Malar Ltd, Sells two products A and B which are produced in its special products division. Sales for the year 2000 were planned as follows.

| | 1st Quarter Units | 2nd Quarter Units | 3rd Quarter Units | 4th Quarter Units |
|---|---|---|---|---|
| Product A | 10,000 | 12,000 | 13,000 | 15,000 |
| Product B | 5,000 | 4,500 | 4,000 | 3,800 |

The selling prices were Rs. 20 per unit and Rs. 50 per unit respectively for A and B.

Average sales return are 5% of sales and the discount and bad debts amount to 4% of the total sales.

Prepare sales budget for the year 2000.

18. Vasanth Ltd. Presents the following results for one year. Calculate the P/V Ratio, BEP and Margin of safety.

| | Rs. |
|---|---|
| Sales | 2,00,000 |
| Variable costs | 1,20,000 |
| Fixed cost | 50,000 |
| Net profit | 30,000 |



19. Calculate the funds from operations from the following P & L A/c.

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| To Expenses paid | 3,00,000 | By Gross profit | 4,50,000 |
| To Depreciation | 70,000 | By Gain on sale of land | 60,000 |
| To Loss on sale of machine | 4,000 | | |
| To Discount | 200 | | |
| To Goodwill | 20,000 | | |
| To Net profit | 1,15,800 | | |
| | 5,10,000 | | 5,10,000 |

PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. What are the requisite of good costing system?

21. The product of a manufacturing concern passes through three processes. In March 1995, the cost of production was given below :

| | Process A Rs. | Process B Rs. | Process C Rs. |
|---|---|---|---|
| Raw material used in tons | 200 | 71 | 164 |
| Cost per ton | 100 | 300 | 50 |
| Direct wages | 8,000 | 3,490 | 2,850 |
| Overheads | 2,520 | 2,400 | 3,820 |
| Sale of scrap per ton | 80 | 60 | 120 |

The product of the three processes is dealt with as follows :

| | | | |
|---|---|---|---|
| Sent to warehouse for sale | A-25% | B-50% | C-100% |
| Sent to next process | A-75% | B-50% | |

In each process, 6% of total weight lost and 8% scrap

Prepare process accounts.

22. What are the merits and demerits of budgeting?

23. From the following information, you are required to prepare a Balance Sheet.

| | | |
|---|---|---|
| (a) | Current ratio | 1.75 |
| (b) | Liquid ratio | 1.25 |
| (c) | Stock turnover ratio | 9 |
| (d) | Gross profit ratio | 25% |
| (e) | Debt collection period | 1.5 months |
| (f) | Reserve and surplus to capital | 0.2 |
| (g) | Fixed asset assets turnover(on cost of sales) | 1.2 |
| (h) | Capital gearing ratio (Long-term debt to share capital) | 0.6 |
| (i) | Fixed asset to net worth | 1.25 |
| (j) | Sales for the year | Rs. 12,00,000 |



24. You are given the following data for the year 1986 for a factory.

| | |
|---|---|
| Output | 40,000 units |
| Fixed expenses | Rs. 2,00,000 |
| Variable cost per unit | Rs. 10 |
| Selling price per unit | Rs. 20 |

How many units must be produced and sold in the year 1987, if it is anticipated that selling price would be reduced by 10% variable cost would be Rs. 12 per unit and fixed cost will increase by 10%? The factory would to make a profit in 1987 equal to that of the profit in 1986.

25. The following is the Comparative balance sheet of Pratima & Co Ltd as on 30th June 1987 and 30th June 1988.

Balance Sheet

| Liabilities | 30-06-1987 Rs. | 30-06-1988 Rs. | Assets | 30-06-1987 Rs. | 30-06-1988 Rs. |
|---|---|---|---|---|---|
| Share capital | 1,80,000 | 2,00.000 | Good will | 24,000 | 20,000 |
| Reserve fund | 28,000 | 36.000 | Buildings | 80,000 | 72,000 |
| P&L A c | 39,000 | 24,000 | Machinery | 74,000 | 72,000 |
| Trade creditors | 16,000 | 10,800 | Investments | 20,000 | 22,000 |
| Bank O/D | 12,400 | 2,600 | Inventories | 60,000 | 50,800 |
| Provision for taxation | 32,000 | 34.000 | Debtors | 40,000 | 44,400 |
| Provision for doubtful debts | 3,800 | 4,200 | Cash | 13,200 | 30,400 |
| | 3,11,200 | 3,11,600 | | 3,11,200 | 3,11,600 |



Additional Information :

(a) Depreciation charged on machinery Rs. 10,000 and building Rs. 8,000.

(b) Investments sold during the year Rs. 3,000.

(c) Rs.15.000 interim dividend paid during January 1988.

(d) Taxes paid during the year Rs. 30,000.

Prepare (i) a statement of changes in working capital (ii) a fund flow statement.