(8 pages)

NOVEMBER 2019 **65158/KDA2A**

Time : Three hours Maximum : 75 marks

PART A — $(10 \times 1 = 10$ marks)

Answer any TEN questions.

1. What is cost accounting?
2. Define wastage.
3. Write note on spoilage.
4. What is batch costing?
5. Define process costing.
6. What do you meant by work uncertified?
7. What is meant by budgeting?
8. What is ZBB?
9. What is P/V ratio?
10. What is responsibility accounting?
11. Write a note on fund flow.
12. Write a note on financial statement analysis.

PART B — $(5 \times 5 = 25$ marks)

Answer any FIVE questions.

13. Difference between cost accounting and management accounting.
14. Write note on (a) Scrap (b) Cost reduction
15. Explain the benefits of contract costing.
16. The following are the expenses of Balaji & Co., in respect of a contact which commenced on 1st January 1998:

	Rs.
Material purchased	50,000
Materials on hand	2,500
Direct wages	75,000
Plant issued	25,000
Direct Expenses	40,000

The contract price was Rs. 7,50,000 and same was duly received when the contract was completed in august 1998. Charge indirect expenses at 15% on wages; provide Rs. 5,000 for depreciation on plant and prepare the contract account and the contractee's account.

I M.com - Advanced Cost & Management Accounting.

17. A company produces two products R and S, the following are the materials consumed for production of 100 tons of output.

Material	Product R Quanity Tons.	Prices Rs.	Product S Quanity Tons.
A	20	10 per ton	40
B	30	5 per ton	-
C	40	8 per ton	20
D	20	20 per ton	30
E	5	50 per ton	20

During the quarter ended 31st march 1999, 500 tons of R and 400 tons of S were planned to be produced. Prepare material consumption budget showing the total cost of material budgeted to be consumed for the quarter.

18. From the following information relating to Palani Bros.Ltd., you are required to find out
    (a) P/v Ratio
    (b) BEP
    (c) Profit
    (d) Margin of safety
    (e) Volume of sales to earn profit of Rs. 6,000

	Rs.
Total fixed costs	4,500
Total variable cost	7,500
Total sales	15,000

19. From the following details, ascertain "Funds From Operation".

Particulars	1998	1999
	Rs.	Rs.
P&L A/c Balance at the end	50,000	60,000
General Reserve	30,000	40,000
Goodwill	20,000	12,000
Preliminary expenses	6,000	4,000
Depreciation provision (accumulated)	25,000	40,000
Income from non-trading investments	–	20,000

Preference share of the face value of Rs. 1,00,000 were redeemed during the year at premium of 10%. The premium on redemption was charged to the Profit and Loss A/c.

PART C — $(4 \times 10 = 40$ marks)

Answer any FOUR questions.

20. Explain the steps to be installation of a costing system.

[P.T.O.]

21. During January 1994, 2000 units were introduced in process I. there was no work-in-progress on 1-1-94. By the end of the months 1,200 units were completed and transferred to process II. 500 units were incomplete and 300 units had been scrapped. The normal process loss had been 10% of input. It was estimated that the incomplete units reached the following stage:

Material 80%; Labour and overheads 60%:

The process cost were:

Materials Rs. 17,400

Labour Rs. 6,400

Overheads Rs. 3,200

Scrap value is Rs. 2 per unit. The scrapped units had passed through the process and are 100% complete as regards materials, labour and overheads.

Prepare the necessary statements, process account and abnormal loss account.

22. Explain the advantages and disadvantages of Break Even Analysis.

23. From the following information make out a statement of proprietors funds with as many details as possible:

(a) Current ratio 2.5

(b) Liquidity 1.5

(c) Proprietary ratio 0.75

(d) Working capital Rs. 60,000

(e) Reserve and surplus Rs. 40,000

(f) Bank overdraft Rs. 10,000

(g) There is no long-term loan of fictitious asset.

24. The following details relate to product X :

	Rs.	Rs.
Selling price		1,200
Costs :		
Materials	600	
Labour	150	
Variable overheads	50	
Fixed overheads	100	900
Profit		300

During the forthcoming year it is expected that material costs will increase by 10%, wages by 33 1/3% and other variable costs by 20%. You are required to calculate the percentage increase in selling price of X which will maintain the firm's contribution/sales ratio.

25. Prepare a fund flow statement from the following data:

Balance Sheet

Liabilities	31.12.96 Rs.	31.12.97 Rs.	Assets	31.12.96 Rs.	31.12.97 Rs.
Equity Capital	5,000	5,300	Cash	2,000	2,500
Long-term Debt	1,400	1,300	Accounts Receivable	2,400	2,700
Retaining Earnings	2,800	3,700	Inventories	3,100	3,200
Accumulated depreciation	2,100	2,500	Other Assets	800	700
Account payable	2,000	2,100	Fixed Assets	5,000	5,800
	13,300	14,900		13,300	14,900

Additional Information :

(a) Fixed Asset costing Rs. 1,200, were purchased for cash.

(b) Fixed Asset (original cost Rs.400, accumulated depreciation Rs.150) were sold at book value.

(c) Depreciation for the year 1997 amounted to Rs.550 and duly debited to P&L A/c.

(d) Reported income for 1997 was Rs. 1,200.