(6 pages)

APRIL 2021 **65158/KDA2A**

Time : Three hours Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer any TEN questions.

1. Define Costing.

2. List out any two basic requirement of a good costing system.

3. What is cost reduction?

4. List out the various methods of costing.

5. What is JIT pricing?

6. Define Budgeting.

7. What is Flexible Budget?

8. What do you mean by CVP analysis?

9. List out the applications of Marginal Costing.

10. What is P/V ratio?

11. List out the principal components of financial statement.

12. What is Ratio Analysis?

PART B — ($5 \times 5 = 25$ marks)

Answer any FIVE questions.

13. State in brief the essentials of good costing system.

14. How process costing differ from Job costing?

15. From the following particulars, prepare a production budget of Sales Corporation for the year ended on 30th June 2017.

Product	Sales (units) as per sales budget	Estimated Stocks (units)	
		1.7.2016	1.7.2017
A	1,50,000	14,000	15,000
B	1,00,000	5,000	4,500
C	70,000	8,000	8,000

16. Prepare a flexible budget for production at 80% activity on the basis of the following information:

Production at 50% capacity	5,000 units
Raw materials	Rs.80 per unit
Direct labor	Rs.50 per unit
Direct expenses	Rs.15 per unit
Factory expenses	Rs.50,000 (50% fixed)
Administration expenses	Rs.60,000 (60% variable)

17. From the information given below, determine Break Even Point in units:

Selling price per unit	–	Rs.16.50
Trading discount per unit	–	Rs.1.50
Fixed expenses (aggregate)	–	Rs.7,50,000
Variable expenses per unit	–	Rs.11.00
Units of production	–	3,00,000 units

18. From the following data calculate:

(a) P/V Ratio.

(b) Profit when sales are Rs.20,000; and

(c) New break even point if selling prices reduced by 20%

Fixed expenses – Rs.4,000

BEP – Rs.10,000

19. Following are the details relating to the trading activities of A Ltd.

Stock velocity	–	8 months
Debtor's velocity	–	3 months
Creditor's velocity	–	2 months
Gross profit ratio	–	25%

Gross profit for the year Rs.4,00,000; Bills Receivable Rs.25,000; and Bills Payable Rs.10,000. Closing stock of the year is Rs.10,000 more than the opening stock. Find out (a) Sales, (b) Closing stock and (c) Debtors.

PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. Explain the cost control techniques over wastages, scrap, spoilage and defectives. .

21. Find out equivalent production, cost per unit of equivalent production and prepare process account from the following:

Units put into process	–	2,500
Units completed	–	2,000
Work-in-progress at the end	–	500 units

Process costs:

Materials – Rs.22,500

Labour – Rs.6,750

Overheads – Rs.2,250

Work-in-progress is completed 50% as to materials, labour and overheads.

22. Explain the essential features and limitations of Responsibility Accounting.

23. The Containers and Cases private limited produces and markets industrial containers and packaging cases. Due to competition the company proposes to reduce the selling price. If the present

level of profits is to be maintained, indicate the number of units to be sold if the proposed reduction in selling price is:

(a) 5% ; (b) 10% and (c) 1.5%

The following additional information is available:

		Rs.
Present sales turnover (30,000 units)		3,00,000
Variable cost (30,000 units)	– 1,80,000	
Fixed costs	– 70,000	2,50,000
Net profit		50,000

24. There are two similar plants under the same management. The management desires to combine these two plants. The following particulars are available:

	Plant I	Plant II
Capacity operation	100%	60%
Sales (Rs.)	300 lacs	120 lacs
Variable cost (Rs.)	220 lacs	90 lacs
Fixed costs (Rs.)	40 lacs	20 lacs

Calculate the capacity of the combined plant to be operated for the purpose of Break-Even.

25. Using the following accounting information, construct a Balance Sheet.

(a) Gross profit (20% of sales) – Rs.6,00,000

(b) Shareholder's equity – Rs.5,00,000

(c) Credit sales to total sales – 80%.

(d) Total assets turnover – 3 times.

(e) Average collection period (360 days in a year) : 18 days.

(f) Current Ratio – 1.6

(g) Long term debt to equity – 40%
