

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. Define costing.
2. What is cost control?
3. Define process costing.
4. What do you understand by By-products?
5. What is meant by budgeting?
6. What do you know about sales budget?
7. What is meant by P/V ratio?
8. What is the formula of B.E.P?
9. What do you know about ratio analysis?
10. What do you understand by intangible assets?

I m.com. Advanced Cost and Management Accounting.

Liabilities	2011	2012	Assets	2011	2012
Profits	14,000	31,000	Debtors	1,81,000	1,70,000
Loss A/c			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>

18. The following is the balance sheet of a firm:

Liabilities	Rs.	Assets	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 Receivable	2,000
		Stock	17,500
		Prepaid expenses	500
	<u>43,500</u>		<u>43,500</u>

Comment upon the liquidity of the firm.

19. From the following particulars calculate the break-even point.

Variable cost per unit Rs. 12
 Fixed expenses : Rs. 60,000
 Selling price per unit : Rs. 18.

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11. What is meant by margin of safety?

12. What do you know about cash flow statement?

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Explain the objectives of cost accounting.
 14. Explain the limitations of process costing.
 15. State the advantages of budgetary control.
 16. Narrate the uses of cash flow standard.
 17. From the following balance sheets of Ramesh and Company for the year ended on 31st Dec. 2011 and 2012. Prepare a statement showing schedule of changes in working capital.
- | Liabilities | 2011 | 2012 | Assets | 2011 | 2012 |
|-------------|----------|----------|--------|----------|----------|
| Share | 4,00,000 | 5,75,000 | Plant | 75,000 | 1,00,000 |
| Capital | | | | | |
| Creditors | 1,06,000 | 70,000 | Stock | 1,21,000 | 1,36,000 |

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PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. Explain the factors to be considered before installation of costing system.
 21. Distinguish between process costing and job costing.
 22. The expenses budgeted for production of 10,000 units in a factory are given below:
- | | Rs. per unit |
|--------------------------------------|--------------|
| Materials | 70 |
| Labour | 25 |
| Variable overhead | 20 |
| Fixed overheads (1,00,000) | 10 |
| Variable overheads (Direct) | 5 |
| Selling expenses (10% fixed) | 13 |
| Administration expenses (Rs. 50,000) | 5 |
| Distribution expenses (20% fixed) | 7 |
| | <u>155</u> |
- Prepare a budget of the production (a) 8,000 units (b) 6,000 units. Assume that the administration expenses are rigid for all levels of production.

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[P.T.O.]

23. The following is the balance sheet of a company as on 31st December.

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Land and Building	1,40,000
Profit and Loss a/c	30,000	Plant and machinery	3,50,000
General Reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry debtors	1,00,000
Sundry creditors	1,00,000	Bills receivable	10,000
Bills payable	50,000	Cash at bank	40,000
	<u>8,40,000</u>		<u>8,40,000</u>

Calculate :

- Current ratio
- Quick ratio
- Debt to equity ratio
- Proprietary ratio
- Capital gearing ratio.

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24. Prepare process accounts from the following. The output in a month would be 750 units.

	Process X	Process Y	Process Z
Materials	5,000	2,000	1,000
Labour	2,500	4,000	2,000
Factory overheads	1,000	1,500	1,000

Administrative overheads amounts to Rs. 4,250 and should be apportioned on the basis of labour. There is no opening (or) closing stock.

25. Explain the benefits of cash flow statements.

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