

Time : Three hours

Maximum : 75 marks

## SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. What are the elements of Cost?
2. Define Cost Sheet.
3. State two advantages of FIFO method of inventory valuation.
4. Define ABC analysis.
5. What do you mean by apportionment of Cost?
6. What are the disadvantages of machine HMTV rate?
7. Give formula for operating ratio.
8. Define fixed cost.
9. What is profit volume ratio?
10. What is zero-base budgeting?
11. Classify ratios according to statement?
12. What is capital structure ratio?

## SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. State the advantages of management accounting.
14. Distinguish between cost and management accounting.
15. What are the advantages of time wage system?
16. Explain the methods of time booking.
17. Narrate the methods of reapportionment of service department cost.
18. From the following profit and loss account you are required to compute cash from operation.

Profit and Loss account for the year ending 31 <sup>st</sup> December 2015			
	Rs.		Rs.
To salary	5,000	By gross profit	25,000
To rent	1,000	By profit on	
To depreciation	2,000	sale of land	5,000
To loss on		By income	
sale of plant	1,000	tax refund	3,000
To goodwill			
written off	4,000		
To proposal dividend	5,000		
To provision for taxation	5,000		
To net profit	10,000		
	<u>33,000</u>		<u>33,000</u>

II BCP - Cost and Management Accounting

51308/SBZ4A

19. Prepare a production budget for three months ending March 31, 2010 for a factory producing four products on the basis of the following information :

Type of product	Estimated stock on 1.1.2010	Estimated sales during Jan. to March 2010	Desired closing stock on 31.3.2010
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

## SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. With the help of the following ratios, draw the balance sheet of the company for the January 2012 :
- Current ratio = 2.5  
Liquidity ratio = 1.5  
Net working capital = Rs. 3,00,000  
Stock turnover ratio = 6 times (cost of sales / closing stock)  
Gross profit ratio 20%  
Fixed asset turnover ratio = 2 times (on cost of sales)  
Debt collection period = 2 months  
Fixed assets to shareholders' Net worth = 0.80  
Reserve and surplus to capital = 0.50.

3

51308/SBZ4A

21. A leading concern wishes to arrange overdraft facilities during April to June, 2017. Prepare a cash budget from the following data :

	Credit sales	Purchases	Wages
	Rs.	Rs.	Rs.
February 2017	1,80,000	1,24,800	12,000
March 2017	1,92,000	1,44,000	14,000
April 2017	1,08,000	2,43,000	11,000
May 2017	1,74,000	2,46,000	10,000
June 2017	1,26,000	2,68,000	15,000

- (a) 50% of credit sales are realised in the month following the sales and the remaining 50% in the second month following :
- (b) Creditors are paid in the month following the month of purchase.
- (c) Cash at bank on 1.4.2017 is Rs. 25,000.

22. The cost of an article at a capacity level of 5000 units is given under I. The individual expenses vary as indicated under II.

	I	II
Material cost	25,000	100% varying
Labour cost	15,000	100% varying
Power	1,250	80% varying
Repairs	2,000	75% varying

4

51308/SBZ4A

[P.T.O.]

	I	II
Stores	1,000	100% varying
Inspection	500	20% varying
Depreciation	10,000	100% varying
Overheads	5,000	25% varying
Selling commission	3,000	25% varying
	<u>62,750</u>	

Find the unit cost of the product at production levels of 4000 units and 6000 units.

23. From the following information, calculate  
(a) reorder level (b) maximum stock level  
(c) minimum stock level.

Reorder quantity 4000 units

Minimum stock level to allow for emergencies 5 weeks.

Average delivery time from suppliers = 4 weeks.

Maximum stock level allowed by management = 20 weeks.

Average rate of consumption per week = 250 units

Minimum consumption in four weeks = 800 units.

5 51308/SBZ4A

24. Prepare schedule of changes in working capital and fund flow statement from the data given below :

	2015 Rs.	2016 Rs.
Share capital	3,00,000	4,00,000
Reserve	1,00,000	50,000
Retained earnings	30,000	60,000
Accounts payable	<u>45,000</u>	<u>1,35,000</u>
Cash	<u>4,75,000</u>	<u>6,45,000</u>
Accounts receivable	30,000	90,000
Inventories	1,05,000	1,50,000
Fixed assets	1,50,000	1,95,000
	<u>1,90,000</u>	<u>2,10,000</u>
	<u>4,75,000</u>	<u>6,45,000</u>

- (a) The company issued bonus shares for Rs.50,000 and for cash Rs. 50,000

- (b) Depreciation written off during the year Rs. 15,000.

6 51308/SBZ4A