

Reg. No. :

Code No. : 30428 E Sub. Code : AMBA 41

B.B.A. (CBCS) DEGREE EXAMINATION,
APRIL 2023.

Fourth Semester

Business Administration – Core

COST AND MANAGEMENT ACCOUNTING

(For those who joined in July 2020 only)

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. Costing refers to the techniques and processes of _____
 - (a) ascertainment of costs
 - (b) apportion of costs
 - (c) supply of costs
 - (d) deviation of costs

2. Indirect material used in production is classified as _____
- (a) office overhead
 - (b) selling overhead
 - (c) distribution overhead
 - (d) production overhead
3. An increase in selling price _____
- (a) increases the break-even point
 - (b) decreases the break-even point
 - (c) does not affect the break-even point
 - (d) optimize the breakeven point
4. Selling price per unit Rs. 10; Variable cost Rs. 8 per unit; Fixed cost Rs. 20,000; Break-even production in units _____.
- (a) 16,300 (b) 2,000
 - (c) 10,000 (d) 2,500
5. The ratio which indicates earnings per share reflected by the market price is _____.
- (a) retained earnings ratio
 - (b) payout ratio
 - (c) earnings per share
 - (d) price earnings ratio

6. Sales - Gross Profits = _____
- (a) net profit
 - (b) cost of production
 - (c) administrative expenses
 - (d) cost of goods sold
7. Current liabilities are equal to _____.
- (a) Working capital + Current assets
 - (b) Work-capital - Current assets
 - (c) Current assets - Working capital
 - (d) Current assets + Working capital
8. Cash from operations is equal to
- (a) Net profit plus increase in outstanding expenses
 - (b) Net profit plus increase in debtors
 - (c) Net profit plus increase in stock
 - (d) Net profit plus decrease in stock
9. The budget said as resource planning and redeployment process is _____
- (a) Master budget (b) Flexible budget
 - (c) Fixed budget (d) Zero base budgeting

10. Operation budgets normally cover a period of _____.
- (a) one year or less
 (b) one to five years
 (c) one to two years
 (d) one to ten years

PART B — (5 × 5 = 25 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the nature of financial accounting.
- Or
- (b) Discuss the objectives of cost accounting.
12. (a) A furniture company uses sun mica tops for dining tables.
- It provides the following data.
- Standard quantity of sun mica per dining table 4 sq.ft
- Standard price per sq.ft. of sun mica Rs. 5
- Planned production of dining tables 1,200

Page 4 Code No. : 30428 E

Actual production of dining tables 1,000
 Sun mica actually used 4,300 sq. ft
 Actual purchase price of sun mica per sq. ft Rs.5.50
 Calculate Material cost variance.

Or

- (b) From the following data calculate Break-even point expressed in amount of sales in rupees.
- Selling price Rs. 20 per unit
 Variable cost Rs. 12 per unit
 Fixed cost Rs. 2,40,000

13. (a) From the following balance sheet of a company, you are required to prepare a common size Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity share capital	1,25,000	Plant and Machinery	2,00,000
Preference share capital	50,000	Furniture	12,140
Reserves	55,000	Current assets	1,69,500
Profit and Loss A/c	35,000		
Current Liabilities	1,16,640		
	<u>3,81,640</u>		<u>3,81,640</u>

Or

Page 5 Code No. : 30428 E

- (b) The following information relates to Mishra & Co. for the year 2003, calculate current ratio :

Current Assets	Rs. 5,00,000
Current Liabilities	Rs. 2,00,000

14. (a) What do you mean by funds from operations? Explain.

Or

- (b) From the following information of a company prepare a statement showing changes in working capital.

	31 st December	
Assets	2012	2013
Cash	3,000	4,700
Accounts receivable	12,000	11,500
Land	5,000	6,600
Stock	8,000	9,000
	<u>28,000</u>	<u>31,800</u>
Liabilities		
Accounts payable	7,000	4,500
Capital	20,000	25,000
Retained earnings	1,000	2,300
	<u>28,000</u>	<u>31,800</u>

Page 6 Code No. : 30428 E

15. (a) What is cash budget? Explain.

Or

- (b) From the following particulars, prepare a Production Budget of a Company for the year ended March 31st 2014.

Product	Sales (units) (as per sales budget)	Estimated stocks (units)	
		01.04.2014	31.03.2014
A	1,50,000	14,000	15,000
B	1,00,000	5,000	14,500
C	70,000	8,000	8,000

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the differences between cost accounting and financial accounting.

Or

- (b) List and explain the steps in preparation of cost sheet.

Page 7 Code No. : 30428 E

17. (a) Explain the advantages and limitations of variance analysis.

Or

- (b) From the following data calculate:
- P/V Ratio
 - Profit when sales are Rs. 20,000 and 100
 - New Break-even point if selling price is reduced by 2.0%
- Fixed expenses: Rs. 40,000 Breakeven point Rs. 10,000

18. (a) Given:

Current Ratio – 2.6

Liquid Ratio – 1.4

Working Capital – Rs. 1,10,000

Calculate: (i) Current Assets (ii) Current Liabilities (iii) Liquid Assets and (iv) Stock

Or

- (b) Calculate Gross Profit Ratio from the following figures:

Sales – Rs. 5,00,000

Sales return – Rs. 50,000

Closing stock – Rs. 35,000

Opening stock – Rs. 70,000

Purchases – Rs. 3,50,000

Page 8 Code No. : 30428 E

19. (a) Statement of financial position of XYZ limited are given below :

	1.1.2013	31.12.2013		1.1.2013	31.12.2013
Accounts payable	29,000	25,000	Cash	40,000	30,000
Capital	7,39,000	6,15,000	Debtors	20,000	17,000
			Stock	8,000	13,000
			Buildings	1,00,000	80,000
			Fixed assets	6,00,000	5,00,000
	<u>7,68,000</u>	<u>6,40,000</u>		<u>7,68,000</u>	<u>6,40,000</u>

Additional information :

- There were no drawings
- There was no purchase or sale of either building or fixed assets.

Prepare cash flow statement.

Or

- (b) Prepare a funds flow statement from the following particulars.

Liabilities	2012	2013	Assets	2012	2013
Share capital	5,00,000	7,00,000	Land and Building	80,000	1,20,000
Profit and Loss account	1,00,000	1,60,000	Plant and Machinery	5,00,000	8,00,000
General reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry creditors	1,53,000	1,90,000	Debtors	1,50,000	1,60,000

Page 9 Code No. : 30428 E

Liabilities	2012	2013	Assets	2012	2013
Bills payable	40,000	50,000	Cash	20,000	20,000
Expenses outstanding	7,000	5,000			
	<u>8,50,000</u>	<u>11,75,000</u>		<u>8,50,000</u>	<u>11,75,000</u>

20. (a) List and explain the various types of budgets.

Or

(b) For production of 10,000 LED bulbs the following are the budgeted expenses.

	Per Unit
	Rs.
Direct Material	60
Direct labour	30
Variable overhead	25
Fixed overhead (Rs. 1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10%) fixed	15
Administration expenses (Rs. 50,000 rigid for all levels of production)	5
Distribution expenses (20%) fixed	5
Total cost of sale per unit	160

Prepare a budget for the production of 6,000, 7,000 and 8,000 LED bulbs.