Reg. No. : ....

Code No. : 20728 E **Sub. Code : AMBA 41**

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2022

Fourth Semester

Business Administration — Core

COST AND MANAGEMENT ACCOUNTING

(For those who joined in July 2020 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Basic objectives of cost accounting is ————
   (a) tax compliance
   (b) financial audit
   (c) cost ascertainment
   (d) profit analysis

2. Cost accounting was developed because of the ________

(a) limitations of the management accounting

(b) limitations of the financial accounting

(c) limitations of the human resource accounting

(d) limitations of the marketing accounting

3. P/V ratio is an indicator of ________

(a) the rate at which goods are sold

(b) the volume of sales

(c) the volume of profit

(d) the rate of profit

4. If fixed costs decrease while variable cost per unit remains constant, the new B.E.P in relation to the old B.E.P will be ________

(a) lower (b) unchanged

(c) intermediate (d) higher

5. Net profit ratio is a ________

(a) turnover ratio

(b) long term solvency ratio

(c) short term solvency ratio

(d) profitability ratio

...uct	Estimated stock at the beginning of the budget period	Estimated stock at the end of the budget period	Estimated sales as per sales budget
X	5,000 units	6,400 units	21,600 units
Y	4,000 units	3,850 units	19,200 units
Z	6,000 units	7,800 units	23,100 units

Or

(b) The expenses for the production of 5,000 units in a factor are given as follows :

	Per unit Rs.
terials	50
oour	20
riable overheads	15
ed overhead (Rs. 50,000)	10
ministrative expenses (5% variable)	10
ling expenses (20% fixed)	6
tribution expenses (10% fixed)	5
al cost of sales per unit	116

You are required to prepare a budget for the production of 7,000 units and 900 units.

6. Turnover ratio is also known as ————

(a) activity ratio (b) solvency ratios

(c) liquidity ratios (d) profitability ratios

7. Funds flow statement is based on the ————

(a) cash concept of funds

(b) fixed assets concept of funds

(c) working capital concept of funds

(d) long term funds

8. Inflow of funds does not take place due to ————

(a) Funds form operation

(b) Increase in working capital

(c) Increase in capital

(d) Sale of fixed assets

9. Sales budget is a ————

(a) Functional budget

(b) Expenditure budget

(c) Master budget

(d) Flexible budget

10. Which of the following is usually a long-term budget?

  (a) Fixed budget
  (b) Capital expenditure budget
  (c) Sales budget
  (d) Cash budget

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain the nature of cost accounting.

Or

  (b) Discuss the elements of cost sheet.

12. (a) Discuss the advantages of standard costing.

Or

  (b) From the following particulars calculate break-even point.

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

19. (a) Explain the differences between funds flow and cash flow statement.

Or

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

Liabilities	2012	2013	Assets	2012	2013
Share capital	5,00,000	7,00,000	Land and buildings	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
Bills payable	40,000	50,000	Cash	20,000	20,000
Expenses outstanding	7,000	5,000			
	8,50,000	11,75,000		8,50,000	11,75,000

20. (a) From the following particular, you are required to prepare production budget of Mrs. V.G.P. Ltd. a manufacturing organization that has three products X, Y and Z.

) Explain the limitations of financial statements

Or

) From the following balance sheet, compute the following ratio.

(i) Current ratio

(ii) Liquid ratio

(iii) Proprietary ratio

(iv) Debt equity ratio

(v) Current assets to working capital ratio.

Balance sheet as on 31st December 2012

...bilities	Rs.	Assets	Rs.
... share ...	2,00,000	Plant and machinery	2,00,000
...ference ...apital	1,00,000	Land and building	2,00,000
...bentures	1,00,000	Stock	1,50,000
...s and ...	1,00,000	Debtors	50,000
... ...ng term)	50,000	Cash	1,00,000
...itors	1,00,000		
... verdraft	50,000		
	7,00,000		7,00,000

13. (a) The following is the balance sheet of Madura Manufacturing company is given below. Find gross profit ratio and net profit ratio.

	Rs.		Rs.
To opening stock	26,000	By sales	1,60,000
To purchases	80,000	By closing stock	38,000
To wages	24,000		
To manufacturing expenses	16,000		
To gross profit c/d	52,000		
	1,98,000		1,98,000

Or

(b) From the following information extracted from the balance sheet of Vinayaga Limited calculate current ratio.

Stock	25,000
Debtors	10,000
Cash at bank	5,000
Creditors	8,000
Bills payable	2,000
Provision for taxes	5,000
Bank overdraft	5,000

14. (a) Briefly explain the uses of fund flow statement.

Or

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

	31st December 2012	2013
Assets		
Land and buildings	50,000	50,000
Plant	24,000	34,000
Stock	9,000	7,000
Debtors	16,500	19,500
Cash at bank	4,000	9,000
	103,500	119,500
Liabilities		
Capital	80,000	85,000
Profit and loss	14,500	24,500
Creditors	9,000	5,000
Mortgage	–	5,000
	1,03,500	1,19,500

15. (a) Write a note on flexible budgets.

Or

(b) What do you understand by budgetary control?

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

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

Or

(b) Elucidate the scope of cost accounting.

17. (a) Discuss the managerial implications of Break even analysis.

Or

(b) From the following details find out (i) profit volume ratio (ii) B.E.P. (iii) Margin of safety.

Sales	Rs. 1,00,000
Variable cost	Rs. 60,000
Fixed cost	Rs. 30,000.