

M.B.A. (CBCS Pattern) Semester - II
PCB2C03 - Cost and Management Accounting

P. Pages : 4

Time : Three Hours



GUG/S/23/10684

Max. Marks : 70

- Notes :
1. All questions carry equal marks.
 2. Attempt **any five** questions.

1. Explain the importance and function of Cost Accounting? **14**
2. What are the limitation of ratio analysis? **14**
3. What is fund flow statement? Write the significance of Fund Flow Statement. **14**
4. Explain the Nature of Budget? Write the characteristics of Good Budgeting. **14**
5. The following particulars relate to special paper manufactured by Bharat Paper Mills in Dec. 2015. Work out in a cost sheet from the unit cost of production per ton. **14**
Direct material:-
 Paper pulp 100 tons @ Rs. 250 per ton
 Other material 20 tons @ Rs. 200 per ton
Direct Labour:-
 80 skilled worker's @ Rs. 3 per day for 30 day's.
 40 unskilled worker's @ Rs. 1 per day for 30 days'.
Direct expenses:-
 Special equipments Rs. 3,000
 Special dyes Rs. 1,000
Work overhead = 60% of Direct wages
Administration overhead = 10% of work cost 80 ton of special paper was manufactured & Rs. 1,000 was realized from the sale of waste material during course of manufacture.
6. The summarized trading and P/L Account of Ritesh Cycle Ltd. for the year 2021 is as under. **14**

Trading & P/L A/c			
Particular	Amount	Particular	Amount
To cost of material	1,00,000	By Sales	5,80,000
To Direct wages	1,50,000		
To Manufacturing exp	80,000		
To Gross profit	2,50,000		
	5,80,000		5,80,000
To Staff Salaries	60,000	By Gross profit	2,50,000
To Rent & Taxes	10,000		
To Selling Exp.	50,000		
To General Exp.	40,000		
To Net Profit.	90,000		
	2,50,000		2,50,000

During the year the company manufactured 2000 cycles. For the year ending 30th June 2022, it is estimated that

- 1) Output and sales will be 2100 cycles.
- 2) Price of material will rise by 30% on the previous years level.

- 3) Wages rates will rise by 33.33%
 - 4) Manufacturing cost will rise by 25%
 - 5) A bonus of $\frac{1}{6}^{\text{th}}$ of salary is expected to be paid to office staff.
 - 6) Selling cost and other expenses will rise in the proportion to the cost of material.
- You are required to submit a statement for the director's showing the price at which cycles should be marked so as to show a profit of 10% on the selling price.

7. From the account's of X.Y.Z Co. Ltd. the following manufacturing and profit & loss account for the year ended 31st Dec. 2015 is extracted.

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X.Y.Z Company Ltd.

Manufacturing & profit & loss account for the year ended 31st Dec. 2015.

Particular	Amt.	Particular	Amt.
To Material		By Material	
Opening Stock	59,000	Closing Stock	64,000
To Purchase	3,73,000	By W.I.P.	
To wages paid	5,62,000	Material	8,000
To wages accrued	34,000	Wages	11,000
To factory exp.	3,81,500	Factory exp.	6,600
		By cost of goods	13,19,900
		Manufactured (18000 unit)	
	14,09,500		14,09,500
To cost of goods sold	13,19,900	By sale (15200 unit)	18,24,000
To Administration Exp.	2,45,000	By finished stock (2800 unit)	2,35,200
To preliminary exp		By interest on investment	2,600
written off	20,000	By Dividend earned	11,000
To Goodwill written off	15,000		
To Net profit transferred			
to appropriation A/c.	1,44,900		
	20,72,800		20,72,800

The following procedure is adopted in connection with the costing of the product.

- 1) Factory Expenses are allocated to production at 60% of Direct Labour Cost.
 - 2) Administration Expenses are applied at Rs. 12 per unit over the unit produced.
 - 3) Selling & Distribution expenses are charged so as to work out 20% of selling price.
- Prepare costing & profit & loss Accounts & statement of Reconciliation between the profit or loss as per two set of account.

8. Following is Profit and Loss account and the Balance Sheet of Shriram Finance Ltd. for the year ended 2015.

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Profit and Loss A/c.

For the year ended 2015

Particular	Amount	Particular	Amount
To Cost of sale of stock		By Sales	4,00,000
30,000			
Credit purchase			
<u>3,00,000</u>			
3,30,000			
Less closing			
Stock	<u>50,000</u>		
To Gross profit (C/f)	1,20,000		
	4,00,000		4,00,000

To Expenses	20,000	By Gross profit	1,20,000
To Net profit (C/f)	1,00,000		
	1,20,000		1,20,000
To provision for taxation	40,000	By Net Profit (B/d)	1,00,000
To equity dividend	20,000		
To Net profit	40,000		
	1,00,000		1,00,000

Balance Sheet

Liabilities	Amount	Assets	Amount
Equity Share Capital (of Rs. 10 each)	2,00,000	Plants Machinery	80,000
Reserve & Surplus	10,000	Land & Building	20,000
Profit & Loss Account	30,000	Stock	50,000
Creditor's	50,000	Debtors	80,000
		Cash and Bank	60,000
	2,90,000		2,90,000

Market price of equity share is 5 ascertain the following Balance Sheet and Reserve Statement Ratio.

- 1) Gross Profit Ratio
- 2) Net Profit Ratio
- 3) Net Operating Ratio
- 4) Stock Turnover Ratio
- 5) Debtor's Turnover Ratio
- 6) Creditor's Turnover Ratio
- 7) Turnover to fixed Asset Ratio
- 8) Earning per Share Ratio

9. From the following Balances of S K Solar, Company Ltd. prepare fund flow statement.

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Particular	31/12/2012	31/12/2013
Cash	20,000	25,000
Inventories	31,000	32,000
Account receivable	27,000	27,000
Other Current Assets	8,000	7,000
Fixed Asset	50,000	58,000
Accumulated Depreciation	21,000	25,000
Account payable	20,000	21,000
Long term debt's	14,000	13,000
Equity capital	50,000	53,000
Retain earning	28,000	37,000

Additional Information:

- 1) Fixed Asset Costing Rs. 12,000 were purchased for cash.
- 2) Fixed Asset (Original Cost Rs. 4,000 accumulated depreciation Rs. 1,500) were sold at Book value.
- 3) Depreciation for the year 2003 amounted to Rs. 5,000.
- 4) Dividend was paid in 2013 Rs. 3,000.

10.
- From the following forecasts of Income and Expenditure. Prepare a Cash Budget for the half year ending on 30th June 2022.
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Month's	Credit Sales	Credit purchase	Wages	Manufacturing exp	Administrative exp	Selling exp
2021						
Nov.	25,000	10,000	2,500	1,100	1,000	600
Dec.	30,000	15,000	2,800	1,200	975	650
2022						
January	20,000	10,000	2,000	1,250	1,060	550
February	25,000	15,000	2,200	1,150	1,040	650
March	30,000	17,500	2,400	1,300	1,105	750
April	35,000	20,000	2,600	1,350	1,120	800
May	40,000	22,500	2,800	1,450	1,180	825
June	45,000	25,000	3,000	1,500	1,185	875

Other Additional Information:

- 1) A sales commission of 5% on sales and due two month after sales is payable in addition to the above selling expenses.
- 2) Capital expenditure – plant purchased on 1st Jan 2022 for Rs. 10,000, its payment being immediately due, Building purchased in Jan 2022 for Rs. 80,000 payable in two half yearly installment, the first in February.
- 3) A dividend of Rs. 5,000 (Net) payable in April.
- 4) Period of credit allowed by creditor's and to customers is 2 months.
- 5) Lag in payment of wages – 1/8th month
- 6) Lag in payment of other expenses – 1 month
- 7) Cash balance on 1st Jan 2022 was expected to be Rs. 37,500/-
