

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

P. Pages : 3

Time : Three Hours



**GUG/W/22/10684**

Max. Marks : 70

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

1. What is primary function of cost accounts and what do you understand by term cost accounting. **14**
2. Briefly explain the reasons why it is necessary for the cost and financial accounts of an organization to be reconcile. **14**
3. What are the methods for computing profit on incomplete contract. **14**
4. What is a cost plus contract? Discuss this from the point of view of manufacturer and the buyer. **14**
5. Define operating costing mention the industries where it is to be applied. **14**
6. A. firm manufactured and sold 2,000 type writer, in the year 2015. It summarized trading & profit & loss account for the year 2015 is set at below. **14**

Dr.		Trading & Profit & Loss A/c.		Cr.	
Particular	Amt.	Particular	Amt.		
To cost of material	1,60,000	By Sales	8,00,000		
To direct wages	2,40,000				
To manufacturing charges	1,00,000				
To Gross profit	3,00,000				
	8,00,000		8,00,000		
		By Gross profit	3,00,000		
To Management & staff salaries	1,20,000				
To Rent Rates & Insurance	20,000				
To General exp.	40,000				
To Selling exp.	60,000				
To Net profit	60,000				
	3,00,000		3,00,000		

For the year ended 2016 it is estimated that.

- 1) Output & sales will be 2400 type writers.
- 2) Price of material will rise by 20%. On the previous level.
- 3) Wage rate will rise by 5%.
- 4) Manufacturing charges will increase in the proportion to the combine cost of material & wages.
- 5) Selling cost per unit will remain unchanged.
- 6) Other expenses & will remains unaffected by the rise in the output.

Prepare a statement showing the price of which the type writers to be manufactured in 2016. Should be marketed so as to show profit of 10% on selling price.

7. From the following information are obtained from cost records of Rozer Electronic Co. Ltd. prepare cost sheet, financial account and reconciliation statement two types of Transistor were manufactured. **14**

Particular	Type A	Type B
Unit produced	100	200
Material per unit	22	20
Wages per unit	45	50
Sales per unit	125	150

Work on cost 60% of wages. office on cost 25% of work cost. Actual work on cost Rs. 9,000, Actual office on cost Rs. 4,500

8. The following financial statement is summarized from the books of Stayam Ltd. as at 31<sup>st</sup> March 2016. **14**

Liabilities	Amt.	Asset	Amt.
Paid up capital	15,00,000	Fixed Asset	16,50,000
Reserve & Surplus	6,00,000	Stock in trade	9,10,000
Debenture (long term)	5,00,000	Book. debt	12,40,000
Bank overdraft	2,00,000	Investment short term	1,60,000
Sundry creditors	12,00,000	Cash	40,000
	40,00,000		40,00,000

Annual sales = 74,40,000

Gross profit = 7,44,000

You are required to calculate the following ratio.

- 1) Debt equity ratio
- 2) Current ratio
- 3) Gross profit ratio
- 4) Debtor's Turnover Ratio
- 5) Stock turnover ratio

Bank overdraft is payable on demand.

9. Balance sheet of Seema company Ltd for the year ended 2016 and 2017 are as follows. **14**

Particular	2016 Rs.	2017 Rs.
Share capital	3,00,000	3,50,000
General Reserve & Surplus	1,10,000	2,70,000
Preference share capital	2,00,000	1,00,000
Debenture	1,00,000	2,00,000
Provision for doubtful debts	10,000	15,000
Current liabilities	70,000	1,45,000
	7,90,000	10,80,000
Fixed Assets (less exp. )	5,10,000	6,20,000
Investment	30,000	80,000
Currents assets	2,40,000	3,75,000
Discount on debentures	10,000	5,000
	7,90,000	10,80,000

Additional Information:

- 1) A machine costing Rs. 70,000 (Book value of 40,000) was sold for Rs. 25,000/-
- 2) Preference share were redeemed at a premium at a 5% premium.
- 3) Dividend @of 15% paid on equity share for the year 2016.
- 4) Provision for depreciation stood at Rs. 1,50,000 on 31/12/2016. and Rs. 1,90,000/- on 31/12/2017 prepare statement of changes in working capital & fund flow statement.

10.

From the following particulars make out a cash Budget of Luxury Ltd. For October to December.

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Sales Actual	Amount	Purchase Actual	Amount	Wages & Exp. Actual	Amount
July	3,00,000	July	1,00,000	July	60,000
August	3,50,000	August	1,50,000	August	70,000
September	4,00,000	September	2,00,000	September	64,000
Budgeted		Budgeted		Budgeted	
October	6,00,000	October	3,00,000	October	80,000
November	4,50,000	November	2,50,000	November	72,000
December	5,00,000	December	2,00,000	December	60,000

- Other Information:
- a) Credit allowed to customer’s for 2 months and from creditor’s 1 month
  - b) Lag in payment of wages & expenses 3/4 of a month
  - c) Advance Tax is to be paid in November Rs. 25,000
  - d) Insurance @Rs. 5,000 payable every month which is not included in the above wages & expenses.
  - e) Machinery purchased in December amounted to Rs. 1,50,000/-
  - f) 10% of sales and purchases are made for cash.
  - g) Selling commission is payable @5% on sales payable in the month following the month of collection.
  - h) The Bank Balance on 1<sup>st</sup> October is 1,00,000

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