

Diploma in Accounts and Auditing (NEP) 1 Years  
**CAFM03 Paper-II : Cost Accounting and Financial Management**

P. Pages : 2

Time : Three Hours



**GUG/S/25/15277**

Max. Marks : 80

1. a) Give Definitions of management account ? Explain the nature, advantages of management accounting. **8**

b) Discuss the relation between management accounting and cost accounting. **8**

**OR**

c) The following information was obtained from a Company in a certain year: **16**

Sales	1,00,000
Variable costs	60,000
Fixed costs	30,000

Find out the following :

a) P/v Ratio

b) Break Even Points

c) Margin of safety.

2. a) What is transfer pricing. Discuss the methods of transfer pricing. **8**

b) Given: **8**

BEP = Rs. 20000

Fixed cost = Rs 6000

Sales = Rs 30000

Find out Profit.

**OR**

c) Explain the concept of transfer pricing and its importance in organizational management. **16**

3. a) Explain the limitations of standard costing. **8**

b) Explain the different types of material variances that can be computed in standard costing. **8**

**OR**

- c) The following information relates to the production activities of Tejas Ltd for the year ended 31 March 2023 16

Fixed Expenses	Rs.
Management Salaries	2,10,000
Rent & taxes	1,40,000
Depreciation on Machinery	1,75,000
Office Expenses	<u>2,22,500</u>
	7,47,500
Variable Expenses at 50% Capacity :	
Material	6,00,000
Labour	6,40,000
Salesmen's Commission	<u>95,000</u>
	13,35,000
Semi variable Exp at 50% Capacity :	
Plant Maintenance	62,500
Indirect Labour	2,47,500
Salesman's Salaries	72,500
Sundry Expenses	<u>65,000</u>
	4,47,500

It is further noted that semi variable expenses remain constant between 40% and 70% capacity, increase by 10% of the above figure between 70% and 85% capacity and increase by 15% of the above figure between 85% and 100% capacity.

Fixed Expenses remain constant whatever the level of activity may be sales at 60% capacity are Rs. 25,50,000, at 80% capacity Rs. 36,00,000 and 100% capacity Rs. 42,00,000. Assuming that all items produced are sold Prepare flexible budget at 60% 80% and 100% production capacity.

4. a) What is ratio analysis ? Explain how the ratio analysis helps in decision making. 8
- b) Meaning of management accounting and explain its functions, scope and tools. 8
- c) Calculate: 16
- Gross Profit ratio
  - Net profit ratio
  - Operating profit ratio
  - Cost of goods sold ratio from the following

Sales Rs. 5,00,000, cost of goods sold Rs. 2,80,000 Operating Expenses Rs. 50,000. Interest Rs. 30,000 Tax Rs. 40,000.

5. Write short note:
- Working Capital 4
  - Cost Accounting. 4
  - Explain the nature and object of financial statement. 4
  - Sales variance. 4

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