

M.B.A. (CBCS Pattern) Sem-II
PCB2C03 / C-23 - Cost and Management Accounting

P. Pages : 4

Time : Three Hours



GUG/S/24/10684S

Max. Marks : 70

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

1. Explain the nature and scope of Management accounting. **14**
2. Explain why periodic reconciliation of cost and financial account is necessary. **14**
3. Can contract costing be applied in a factory? State the special feature of contract costing. **14**
4. The liquidity of the business is measured by its ability to satisfy its long-term obligations as they become due. What are the ratios used for the purpose? **14**
5. A firm manufacturing and sold 1000 units in the year 2019. The summarized Trading & Profit & Loss Account is given below. **14**

Dr.

Cr.

Particular	Amount	Particular	Amount
To Material	80,000	By Sale	4,00,000
To Direct Labour	1,20,000		
To Manufacturing Exp	50,000		
To Gross Profit	1,50,000		
	4,00,000		4,00,000
To Manufacturing & Staff Salaries	60,000	By Gross Profit B/d	1,50,000
To Rent Rates & Taxes	10,000		
To General Exp.	20,000		
To Selling Exp.	30,000		
To Net Profit	30,000		
	1,50,000		1,50,000

For the year 2020, the estimates are that :

- i) Output and Sales will be 1200 units.
- ii) Price of material will increase by 20% on previous year.
- iii) Direct labour rate will rise by 5%
- iv) Manufacturing expenses will increase in combine proportion to material and wages.
- v) There will be no change in selling price cost per unit.
- vi) Rise in output will not affect other expenses.

Prepare a statement the price at which the unit to be manufacturing in the year should be marked so as to show a profit of 20% on selling price.

6. A company manufacturing table fans supplies you the following data and ask you to prepare a statement showing profit as per table fans. Wages and material are charged at cost, work overheads at 80% of wages, and office on cost at 20% of work cost. You also required preparing a statement reconciling the profit as shown by the cost account with the profit shown by financial account for the year ended 31st March. Two types of table fans are manufactured namely model X and Model Y. There is no fan in stock. Number of fans sold was X-1500, Y-1050. The description is as under

	Model X	Model Y
Material per Fan	100	80
Wages per Fan	80	60
Selling Price per Fan	300	250

Prepare relevant statement showing the actual profit for the year, if the work indirect expenses were Rs.82,000 and office on cost Rs.75,000.

7. Modern construction limited has taken two contracts on 1st October 2017. The position of contracts as on 30th September 2018 was as follows. 14

Particular	Contract I	Contract II
Contract price	27,00,000	60,00,000
Material	5,80,000	10,80,000
Wages Paid	11,24,000	16,50,000
Other Expenses	28,000	60,000
Plant at site (cost)	1,60,000	3,00,000
Unused Material at site	40,000	60,000
Wages Payable	36,000	54,000
Other expenses due (outstanding)	4,000	9,000
Work certified	16,00,000	30,00,000
Cash received	12,00,000	22,50,000
Work completed but not yet certified.	80,000	90,000

The plant at site is to depreciated at 10%. Prepare the contract account in respect of each contract showing the notional profit and also the profit to be transferred to P/L A/c.

8. a) Give that 7
 Current Ratio 2.5:1, Acid Test Ratio 1.5:1, Current Liabilities Rs.50,000/-
 Find out
 i) Current Asset
 ii) Liquid Asset
 iii) Inventory
- b) The following information is given about M/s R...K..Ltd for the year ending 31st Dec. 2022. Stock turnover Ratio = 6 times, Gross Profit Ratio = 20% on sale, Sale for 2022 = Rs. 3,00,000. Closing Stock is Rs. 10,000 more than the opening stock, Opening creditors = Rs. 20,000, Closing Creditors = Rs. 30,000, Trade Debtors at the end = Rs. 60,000, Net working capital = Rs. 50,000. 7
 Find out
 i) Average Stock
 ii) Purchase
 iii) Creditors turnover ratio
 iv) Average payment period
 v) Average collection period
 vi) Working capital turnover ratio.

9. Balance Sheet of Vraj Bhushan Ltd are as follows:

Particular	2022	2021
Share Capital	2,00,000	1,00,000
Share Premium	5,000	-
Mortgage Loan	20,000	30,000
Debenture	10,000	10,000
Bank Loan	18,000	28,000
Creditors	30,000	20,000
Unpaid Expenses	5,000	3,000
Bad debt reserve	4,000	2,000
General reserve	4,000	3,000
Tax Provision	8,000	10,000
P/L Account	10,000	8,000
Dep. Fund on Building	3,000	4,000
	3,17,000	2,18,000
Building	20,000	15,000
Land	30,000	25,000
Machinery	20,000	40,000
Stock	30,000	20,000
Debtors	40,000	30,000
Cash	10,000	50,000
Bank Balance	2,000	8,000
Goodwill	5,000	10,000
Share Discount	1,000	2,000
Bills Receivable	20,000	30,000
Petty Cash	100	500
Investment	1,38,900	32,500
	3,17,000	2,18,000

Adjustment:

- Interim Dividend Paid in 2022 Rs.5,000
- Tax paid during the year Rs.22,000
- Building Sold for Rs.3,000 which is cost price Rs.5,000 and which accumulated depreciation Rs.3,000.
- Depreciation Charge on Machinery in current year Rs.5,000
- Investment costing Rs.30,000 was sold for Rs.25,000
- Share of Rs.5,000 issued for the purchase of building.

Prepare fund flow statement.

10. From the following forecast of income and expenditure of Hussan Sheikh Pvt Ltd. Prepare a cash Budget for six month commencing from 1st July 2004 when the bank balance is estimated to be Rs. 50,000/-

Month	Sales	Purchase	Wages	Factory Exp.	Adm. Overhead	Selling & distribution	Research exp.
April	45,000	30,000	2,000	4,000	1,000	1,000	500
May	40,000	25,000	3,000	2,000	1,000	1,400	500
June	50,000	35,000	4,000	4,000	1,500	1,600	500
July	60,000	40,000	4,500	3,000	1,200	1,500	600
Aug	70,000	50,000	5,000	5,000	2,000	1,800	600
Sept	80,000	60,000	6,000	5,000	2,500	1,600	700
Oct	1,00,000	80,000	5,500	4,500	1,600	1,800	800
Nov.	1,00,000	60,000	5,000	4,000	2,200	2,000	800
Dec.	80,000	70,000	6,000	5,500	2,500	1,600	800

Additional Information:

- A sales commission of 5% on sale, and due to two month after sale, is payable in addition to selling overheads.
- 10% of the sales and 20% of the purchase will be made for cash at discount of 10% in both cases.
- Period of credit allowed to customer is two month, but 50% of the customers pay after one month. Period of credit allowed by suppliers is three month.
- Lag in payment of wages and all overheads are 1/5 and 1/2 months, respectively.
- Interest on Govt. Bonds amounting Rs.5,000 to be received in Oct.
- Preference dividend of Rs.10,000 is to be paid in Sept.
- A call of Rs.2 per share on equity share capital of Rs.5,00,000 divided into 50000 share of Rs.10 each is to be received on 1st Aug.
- A plant costing Rs.60,000 will have to be installed in July. 1/4 th of the amount is to be paid at the time of installation and balance by three equal quarterly installations.
