DEPARTMENT OF BUSINESS ADMINISTRAION (BBA)
18UBM411-COST AND MANAGEMENT ACCOUNTING-K1 QUESTIONS
UNIT - I

1. Basic objectives of cost accounting is__________.

A. tax compliance.

B. financial audit.

C. cost ascertainment.

D. profit analysis.

2. Direct cost incurred can be identified with ________.

A. each department.

B. each unit of output.

C. each month.

D. each executive.

3. Overhead cost is the total of ____________.

A. all indirect costs.

B. all direct costs.

C. indirect and direct costs.

D. all specific costs.

4. Imputed cost is a__________.

A. notional cost.

B. real cost.

C. normal cost.

D. variable cost.

5. Operating costing is suitable for ___________.

A. job order business.

B. contractors.

C. sugar industries.

D. service industries.

6. Process costing is suitable for _________.

A. hospitals.

B. oil reefing firms.

C. transport firms.

D. brick laying firms.

7. Cost classification can be done in __________.

A. two ways.

B. three ways.

C. four ways.

D. several ways.

8. Costing refers to the techniques and processes of __________

A. ascertainment of costs.

B. allocation of costs.

C. apportion of costs.

D. distribution of costs.

9. Cost accounting was developed because of the ________.

A. limitations of the financial accounting.

B. limitations of the management accounting.

C. limitations of the human resource accounting.

D. limitations of the double entry accounting

10. Multiple costing is a technique of using two or more costing methods for ascertainment of cost by.

A. the same firm.

B. the several firms.

C. the same industry.

D. the several industries.

11. Wages paid to a labour who was engaged in production activities can be termed as.

A. direct cost.

B. indirect cost.

C. sunk cost.

D. imputed cost.

12. The cost which is to be incurred even when a business unit is closed is a.

A. imputed cost.

B. historical cost.

C. sunk cost.

D. shutdown cost.

13. Classification of cost is useful .

A. to find gross profit.

B. to find net profit.

C. to identify costs.

D. to identify efficiency.

14. Elements of costs are.

A. three types.

B. four types.

C. five types.

D. seven types.

15. Direct expenses are also called ________ .

A. major expenses.

B. chargeable expenses.

C. overhead expenses.

D. sundry expenses.

16. Indirect material used in production is classified as.

A. office overhead.

B. selling overhead.

C. distribution overhead.

D. production overhead.

17. Warehouse rent is a part of _________.

A. prime cost.

B. factory cost.

C. distribution cost.

D. production cost.

18. Indirect material scrap is adjusted along with ________.

A. prime cost.
B. factory cost.
C. labour cost.
D. cost of goods sold.

19. Which one of the following is not considered for preparation of cost sheet?

A. Factory cost.
B. Goodwill written off.
C. Selling cost.
D. Labour cost.

20. Sale of defectives is reduced from _________.

A. prime cost.

B. works cost.

C. cost of production.

D. cost of sales.

UNIT - II

21. Tender is an.

A. estimation of profit.

B. estimation of cost.

C. estimation of selling price.

D. estimation of units.

22. Cost of sales plus profit is __________.

A. selling price.

B. value of finished product.

C. value of goods produced.

D. value of stocks.

23. Prime cost includes.

A. direct materials, direct wages and indirect expenses .

B. indirect materials and indirect labour and indirect expenses.

C. direct materials, direct wages and direct expenses.

D. direct materials, indirect wages and indirect expenses.

24. Total of all direct costs is termed as _______.

A. prime cost.

B. works cost.

C. cost of sales.

D. cost of production.

25. Depreciation of plant and machinery is a part of ___________.

A. factory overhead.

B. selling overhead.

C. distribution overhead.

D. administration overhead.

26. Audit fess is a part of__________.

A. works on cost.

B. selling overhead.

C. distribution overhead.

D. administration overhead.

27. Factory overhead can be charged on the basis of___________-.

A. material cost.

B. labour cost.

C. prime cost.

D. direct expenses

28. Office and administrative expenses can be charged on the basis of__________.

A. material cost.

B. labour cost.

C. prime cost.

D. factory cost.

29. Selling and distribution expenses can be charged on the basis of______________.

A. material cost.

B. labour cost.

C. prime cost.

D. factory cost.

30. The ratios which reflect managerial efficiency in handling the assets is.

A. turnover ratios

B. profitability ratios.

C. short term solvency ratio.

D. long term solvency ratio.

31. The ratios which reveal the final result of the managerial policies and performance is_____.

A. turnover ratios.

B. profitability ratios.

C. short term solvency ratio.

D. long term solvency ratio.

32. Stock turnover ratio is a___________.

A. turnover ratio.

B. profitability ratio.

C. short term solvency ratio.

D. long term solvency ratio.

33. Current ratio is a_____________

A. short-term solvency ratio.

B. long-term solvency ratio.

C. profitability ratio.

D. turnover ratio.

34. Proprietary ratio is a ___________.

A. short-term solvency ratio.

B. long-term solvency ratio.

C. profitability ratio.

D. turnover ratio.

35. Fixed assets ratio is a __________

A. short-term solvency ratio.

B. long-term solvency ratio.

C. profitability ratio.

D. turnover ratio.

36. Fixed assets turnover ratio is a _______

A. short-term solvency ratio.

B. long-term solvency ratio.

C. profitability ratio.

E. turnover ratio.

37. Return on equity is also called______

A. . return on investment.
B. gross profit ratio.

C. return on shareholders funds.

D. return on net worth.

38. The ratio which shows the proportion of profits retained in the business out of the current year's profits is__________

A. . retained earnings ratio.

B. pay out ratio

C. earnings per share.

D. price earnings ratio.

39. The ratio shows the preference dividend as a proportion of profit available for shareholders is

___________.

A. interest cover ratio.

B. fixed dividend cover ratio.

C. debt service coverage ratio.

D. dividend yield ratio.

40. Inventory or stock turnover ratio is also called_______________.

A. stock velocity ratio.
B. . debtors velocity ratio.
C. . creditors velocity ratio.
D. working capital turnover ratio.

UNIT - III

41. Sales – Gross Profit = ______________________.

A. net profit.

B. administrative expenses.

C. cost of production.

D. cost of goods sold.

42. Opening stock + purchases + direct expenses – closing stock = ____________

A. net profit.

B. cost of production

C. administrative expenses.

D. cost of goods sold.

43. Which ratio measures the number of times the receivables are rotated in a year in terms of sales?

A. stock turnover ratio.

B. debtors turnover ratio.

C. creditors velocity ratio.

D. working capital turnover ratio

44. Creditors turnover ratio is also called ________________.

A. stock turnover ratio.

B. debtors velocity ratio.

C. . accounts payables ratio.

D. working capital turnover ratio.

45. Funds flow statement is based on the_____________.

A. working capital concept of funds.

B. cash concept of funds.

C. fixed assets concept of funds.

D. long term funds.

46. All those assets which are converted into cash in the normal course of business within one year are known as___________.

A. fixed assets.

B. current assets.

C. fictitious assets.

D. wasting assets.

47. Any transaction between a non current account and another non current account does not affect____________.

A. profit.

B. funds.

C. working capital.

D. capital.

48. Depreciation on fixed assets is_________.

A. non operating income.

B. operating expense.

C. operating income.

D. non operating expense.

49. Production cost under marginal costing includes _____________.

A. prime cost only .

B. prime cost and fixed overhead .

C. prime cost and variable overhead.

D. prime cost, variable overhead and fixed overhead

50. One of the primary differences between marginal costing and absorption costing regarding the treatment of __________.

A. prime cost .

B. fixed overheads.

C. variable overheads .

D. direct materials.

51. Absorption costing differs from marginal costing is the____________.

A. fact that standard costs can be used with absorption costing but not with marginal costing .

B. amount of costs assigned to individual units of products .

C. kind of activities for which each can be used .

D. amount of fixed costs that will be incurred.

52. Contribution margin is also known as __________.

A. marginal income .

B. gross profit.

C. net profit.

D. net loss.

53. Period costs are__________.

A. overhead costs .

B. prime cost.

C. variable cost.

D. fixed costs.

54. Contribution margin is equal to___________.

A. fixed cost - loss .

B. profit + variable cost.

C. sales — fixed cost- profit .

D. sales – profit.

55. 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.

56. Margin of Safety is the difference between___________.

A. planned sales and planned profit .

B. actual sales and break-even sales.

C. planned sales and actual sales

D. planned sales and planned expenses.

57. An increase in variable costs______________.

A. increases p/v ratio .

B. increases the profit.

C. reduces contribution .

D. increase margin of safety.

58. An increase in selling price____________.

A. increases the break-even point.

B. decreases the break-even point.

C. does not affect the break-even point.

D. optimize the break even point.

59. A large Margin of Safety indicates____________.

A. over production.

B. over capitalization .

C. the soundness of the business.

D. under capitalization.

60. CVP analysis is most important for the determination of_______.

A. sales revenue necessary to equal fixed costs .

B. relationship between revenues and costs at various levels of operations .

C. variable revenues necessary to equal fixed costs .

D. volume of operations necessary to Break—even.

UNIT -IV

61. The conventional Break-even analysis does not assume that_________.
A. selling price per unit will remain fixed .

B. total fixed costs remain the same.

C. variable cost per unit will vary .

D. productivity per worker will remain unchanged.

62. 1f` 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. higher.
C. . unchanged .
D. indeterminate.

63. If fixed costs decrease while the variable cost per unit remains constant, the new contribution margin in relation to the old contribution margin will be___________.
A. lower .

B. unchanged

C. higher.

D. indeterminate

64. Selling price per unit Rs. 10; Variable cost Rs. 8 per unit; Fixed cost Rs. 20,000; Break-even production in units___________.

A. 10,000.

B. 16,300.

C. 2,000.

D. 2,500.

65. Sales Rs. 25,000; Variable cost Rs. 8,000; Fixed cost Rs. 5,000; Break-even sales in value_____________.

A. Rs. 7,936.

B. Rs. 7,353.

C. Rs. 8,333.

D. Rs. 9,090.

66. Sales Rs. 25,000; Variable cost Rs. 15,000; Fixed cost Rs .4,000; P/V Ratio is_____.

A. 40%

B. 80%

C. 15%

D. 30%.

67. Sales Rs. 50,000; Variable cost Rs. 30,000; Net profit Rs. 6,000; fixed cost is_____.

A. Rs. 10,000.

B. b. Rs. l4,000 .

C. Rs. 12,000.

D. Rs. 8,000.

68. If the P/V Ratio of a product is 30% and selling price is Rs. 25 per unit, the marginal cost of the product would be_______.

A. Rs.18.75 .

B. Rs.16 .

C. Rs. 15 .

D. Rs.20 .

69. Absorption costing is also known as_______.

A. historical costing

B. real costing.

C. marginal costing.

D. real costing

70. Under marginal costing stock are valued at __________.

A. fixed cost.

B. semi-variable cost.

C. variable cost.

D. market price.

71. The budget is a ______________.

A. a post-mortem analysis .

B. a substitute of management

C. an aid to management

D. calculation .

72. One of the most important tools of cost planning is _________.

A. budget.

B. direct cost.

C. unit cost.

D. cost sheet.

73. Sales budget is a _________.

A. Functional budget.

B. Expenditure budget.

C. Master budget .

D. Flexible budget.

74. The budget which usually takes the form of budgeted profit and loss account and balance sheet is known as ___________

A. Flexible budget .

B. Master budget.

C. Cash budget .

D. Purchase budget.

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

A. .Fixed budget.

B. Cash budget.

C. Sales budget

D. Capital expenditure budget.

76. The fixed-variable cost classification has `a special significance in the preparation of________.

A. Capital budget.

B. Cash budget.

C. Master budget .

D. Flexible budget .

77. The budget, which is prepared first of all is.________

A. Master budget.

B. Cash budget.

C. Budget for key factor.

D. Flexible budget.

78. Preparing budget figures for different levels of activity within a range under flexible budgeting is _______.

A. Formula method.

B. Multi-activity method.

C. Budget cost allowance method.

D. Proportionate method.

79. The entire process of preparing the budgets is known as___________.

A. Planning.
B. Organizing
C. Budgeting.
D. Controlling.

80. Budgetary control starts with ________________.

A. Planning.

B. Organizing.
C. Budgeting.
D. Controlling.

UNIT -V

81. Budgetary control ends with ____________.

A. Planning.

B. Organizing

C. Budgeting.

D. Control.

82. Budget designed to remain constant irrespective of the level of activity attained is called______________.

A. Fixed budget.

B. Flexible budget.

C. Sales budget.

D. Production budget

83. Long-term budgets are prepared for _______________.

A. 1 year.

B. 1-3 years.

C. 1-5 years.

D. 5-10 years.

84. The budget which shows the budgeted quantity of output to be produced during a specific period is.

A. Fixed budget.

B. Flexible budget.

C. Sales budget.

D. Production budget

85. Material consumption budget is prepared on the basis of ______________.

A. Production budget.

B. Sales budget.

C. Fixed budget.

D. Flexible budget.

86. Budget of indirect costs in the form of indirect wages, indirect material and indirect expenses in the factory is _______________.

A. Production overhead budget.

B. Administration overhead budget.

C. Selling and distribution overhead budget.

D. Master budget.

87. The budget prepared to estimate the expenditure to be incurred for planning, organizing, direction and control function of the management is___________.

A. . Production overhead budget.

B. Administration overhead budget.

C. Selling and distribution overhead budget.

D. Master budget.

88. A flexible budget is prepared for a _____________.

A. One level of activity.

B. Range of activity.

C. Two level of activity.

D. Three level of activity.

89. The budget starts without any base is _______________.

A. Master budget.

B. Flexible budget.

C. Zero base budgeting.

D. Fixed budget.

90. Scrap is _________.

A. residue of material.

B. wastage of material.

C. surplus material.

D. abnormal loss of material.

91. Material is issued by store keeper against.

A. material requisition.

B. material order.

C. goods received note.

D. purchase requisition.

92. The methods used for the calculation of cost per unit of output are known as

A.Costing system

B.Cosing procedure

C.Costing methods

D. All of the methods

93. **Overhead expenses can be classified according to:**

A. Functions

B. Elements

C. Behavior

D. All of the above

94. The main purpose of cost accounting is to

A.fix selling price

B. Earn maximum profit

C.provide data to management for decision making

D.All of these

95. **Which of the following is not an example of marketing overheads?**

A. Salary of the foreman

B. Publicity expenses

C. Salaries of sales staff

D. Secondary packing charges

96. Contribution margin contributes to meet which one of the following options?

A. Variable cost

B. Fixed cost

C. Operating cost

D. Net profit

97. The term _contribution‘ refers to?

A. The actual amount of profit made per unit.

B. The budgeted profit per unit.

C. The amount of profit which goes towards meeting the overheads of the business.

D. The difference between sales revenue and variable costs per unit.

98. The break-even point is that at which:

A. The level of activity at which the business operates most economically.

B. The level of activity at which the business makes neither a profit nor a loss.

C. The fixed costs are lowest.

D. The variable cost per unit is minimized

99. The difference between total revenues and total variable costs is known as:

A. Contribution margin

B. Gross margin

C. Operating income

D. Fixed costs

100. Percentage of Margin of Safety can be calculated in which one of the following ways**?**

A. Based on budgeted Sales

B. Using budget profit

C. Using profit & Contribution ratio

D.All of the given options

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DEPARTMENT OF BUSINESS ADMINISTRAION (BBA)

18UBM411-COST AND MANAGEMENT ACCOUNTING

K2 QUESTIONS

UNIT -I

1. Define Cost Accounting.
2. Explain the meaning of Cost Accountancy.
3. List the advantages of Cost Accounting.
4. Write down the limitations of Cost Accounting.
5. Define Cost Unit.
6. Define Cost Center.
7. Write down the functions of Cost Accounting.
8. What is meant by cost control?
9. List down the types of costing.
10. What is meant by Prime cost?

UNIT -II

11. Define management accounting
12. What is marginal costing?
13. Write the formula for PV ratio.
14. Explain the nature of management accounting.
15. What are the scopes of management accounting?
16. Define Absorption costing.
17. List the functions of Management Accounting.
18. What are the characteristics of management accounts?
19. What are the limitations of management accounting?
20. Explain the merits and demerits of marginal costing?

UNIT -III

21. Define budget.
22. What is meant by cash budget?
23. List any two objectives of budgetary control.
24. List the different types of budget.

25. Explain the limitations of budgetary control.
26. What is meant by sales budget?
27. What is meant by flexible budget?
28. List the advantages of budgetary control.
29. List the advantages of flexible budget.
30. List the objectives of cash budget.

UNIT -IV

31. Define fund flow statement.
32. Give the advantages of fund flow statement.
33. Explain the term current asset.
34. What do you mean by statement of changes in working capital?
35. What is meant by cash flow statement?
36. What are the methods of preparation of cash flow statement?
37. Write ant two difference between fund flow and cash flow statement.
38. What do you mean by financial statement?
39. What is earning per share?
40. List the applications of fund flow statement.

UNIT -V

41. Define ratio analysis.
42. List the objectives of ratio analysis.
43. Write the uses of ratio analysis.
44. Explain the significance of ratio analysis.
45. Mention the characteristics of ratio analysis.
46. Define the term 'ratio'.
47. Write the formula for Inventory turnover ratio.
48. Current ratio= $\frac{\text{current Assets}}{?}$
49. Write the formula for total asset turnover ratio.
50. Mention the limitations of ratio analysis.
51. Write the formula for gross profit ratio.

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17UBM 411 – COST AND MANAGEMENT ACCOUNTING

ANSWER THE FOLLOWING (K3) QUESTIONS: 5 MARK

UNIT -I

1. Categorize the objectives of cost accounting
2. Analyze the advantages of cost accounting
3. Write the proforma for marginal cost statements.
4. Fixed overhead Rs. 1,20,000

   Variable overhead Rs. 2,00,000

   Direct wages Rs. 1,50,000

   Direct materials Rs. 4,10,000

   Sales Rs. 10,00,000

   Calculate the Break-even point and the P/V Ratio.

5. The following cost data are available from the books for the year ended 31-12-97

Direct materials	Rs. 9,00,000
Direct wages	Rs. 7,50,000
Profit	Rs. 6,09,000
Selling and distribution overheads	Rs. 5,25,000
Administrative overheads	Rs. 4,20,000
Factory overheads	Rs. 4,50,000

   Inspect a cost sheet indicating prime cost, work cost, production cost, and cost of sales and sales value.

6. Examine cost sheet and explain its purpose
7. Classify the types/ techniques of costing
8. Explain the term cost and its needs.
9. List out the features of cost accounting.

UNIT -II

10. Explain the techniques of management accounting.

11. Simplify the limitations of management accounting.

12. Discover the purpose and features of marginal costing.

13. Discover the purpose and features of absorption costing.

14. Analyze the items that come under the prime cost and work cost.

15. Explain the scope of cost accounting.

16. Categorize the significance of Cost Accounting.

17. Discover Cost Unit and Cost Center.

18. Inspect the advantages of marginal costing.

UNIT -III

19. Analyze the advantages and disadvantages of budgetary control.

20. Examine flexible budget with format and analyze its advantages and disadvantages.

21. A company produces and sells three items, the company has divided its market into two zones: Zone A and Zone B as follows

Items	**Zone A**		**Zone B**	
	Units	**Unit Price Rs**	**Units**	**Unit Price Rs**
Snow Cream	4,00,000	12	2,50,000	12
Talcum Powder	2,50,000	15	3,50,000	15
Cold Cream	3,00,000	16	3,00,000	16

For the current year i.e. 1990, it is estimated that sales of snow cream will go up by 10% in zone B and of cold cream by 25,000 units in zone A. The company plans to introduce a publicity film for talcum powder in the T.V. network. The budgeted figures for talcum powder are to be introduced by 20% in both the zones.The prices of the two creams are to be maintained but for talcum powder, a bonus cut of Re. 1 will be announced. You are required to prepare a financial budget for sales in the current year i.e. 1990.

22. Write down the format for Cash budget.

23. Analyze the term sales budget and the factors to be considered in preparing the sales budget

24. Difference between forecasts and budgets.

25. Simplify what do you understand by 'Budget' and Budgetary control'? how is budgetary control a tool in the hands of management?

26. What is zero based budgeting and explain its features.

27. With the following data for 60% activity, prepare a budget for 80% activity:

Materials Rs.10 per unit

Wages Rs. 6

Factory overheads Rs. 6000(20% fixed)

Administration overhead Rs. 2,400(10% variable)

Assume that production at 60% activity is 240 units.

28.

UNIT -IV

29. Examine the statement of Sources and Uses (Applications) of Fund flow statement.

30. Write down the format of Cash flow statement (Direct Method).

31. Explain the uses and preparation of cash flow statement.

32. Inspect the benefits of fund flow statement.

33.

UNIT -V

34. Illustrate the uses of Ratio analysis.

35. Calculate current ratio from the following:

Current assets of a concern as Rs.2, 50,000 and Current liability as Rs.1,00,000.

36. Calculate gross profit ratio from the following:

Gross profit = Rs 20,000

Net sales = Rs 80,000

37. From the following data calculate:

a) P/V Ratio b) Variable cost c) Profit.

Sales Rs. 80,000

Fixed expenses Rs. 15,000

Break-even point Rs. 50,000

38. "Cost Volume Profit analysis is helpful for profit planning". Explain.

39. Examine the steps in ratio Analysis.

40. Explain about the inventory turnover ratio.

41. List out the imitations of ratio analysis.

42. Ascertain the value of Raw Materials purchased.

Materials Consumed Rs. 5,00,000

Opening stock of Materials Rs. 50,000

Closing stock of Materials Rs. 25,000

43. The following are the estimated cost for producing 1000 units

Raw Materials Rs.10,000

Wages Rs. 8,000

Direct expenses Rs. 2,000

Machine hours needed 2,000 hours

Machine hour rate Rs. 2

Fixed overheads @ 10% of work cost

Calculate the cost per unit.

44. Find out the marginal cost from the following

Direct material Rs. 10,000

Direct wages Rs. 12,000

Direct expenses Rs. 13,000

Variable overheads Rs. 8,000

Fixed overheads Rs. 15,000

45. Find out variable cost:

Sales Rs. 4,00,000

P/V ratio 25%

46. Sales Rs. 2,50,000

Marginal cost Rs. 1,00,000

Fixed cost Rs. 50,000

Compute contribution and profit.

47. Calculate P/V ratio from the data given below:

1999: Sales Rs. 6,00,000 ; Profit Rs.1,00,000

2000: Sales Rs. 10,00,000 ; Profit   Rs. 1,80,000

48. Fixed costs at 50% activity level is Rs. 20,000. what will be the fixed cost at 60% and 80% activity levels?

49. Calculate Current Ratio from the following:

Current liabilities: Rs. 2,00,000

Cash   Rs. 20,000

Investments:

Short term : Rs. 30,000

Long term   :Rs. 80,000

Debtors   Rs. 50,000

Inventories   Rs. 3,00,000

50. Explain the steps involved in 'Ratio Analysis'.

51. Bring out the significance of 'Turnover Ratios'.

52. Explain the modes of expressing 'Ratios'.

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17UBM 411 – COST AND MANAGEMENT ACCOUNTING

UNIT – I (K4 & K5) QUESTIONS: 10 MARKS

1. Design the proforma/ format for preparation of cost sheet with all the expenses.
2. From the following particulars, prepare a statement showing the components of the total sales and the profit for the year ended 31st December.

Particulars	Rs
Stock of finished goods (1st Jan.)	6000
Stock of raw materials (1st Jan.)	40000
Work-in-progress (1st Jan.)	15000
Purchase of raw materials	4,75,000
Carriage inwards	12,500
Factory rent, taxes	7,250
Other production expenses	43,000
Stock of goods (31st Dec.)	15000
Wages	1,75,000
Works manager's salary	30,000
Factory employees' salary	60,000
Power expenses	9,500
General expenses	32,500
Sales for the year	8,60,000
Stock of raw materials (31st Dec.)	50,000
Work-in-progress (31st Dec.)	10,000

3. Discuss about the cost classification.
4. For the following particulars, create a cost sheet showing the comparative cost per ton for the both periods given in rupees

Particulars	31-3-2001	30-6-2001
Raw materials	72,000	98,000
Administrative overheads	24,000	24,000
Productive wages	1,44,000	1,96,000
Taxes and insurance-factory	1,500	1,500
Light and water	2,000	2,000
Chargeable/direct expenses	18,000	25,000
Depreciation	4,000	4,000

Factory rent	3,000	3,000
Unproductive labour	60,000	82,000
Factory repairs	6,000	9,000

The tonnage produced in the two quarters was 24,000 and 32,000 tons respectively.

5. The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 1978.

    Materials Used Rs. 1,50,000

    Direct Wages Rs. 1,20,000

    Factory Overheads Rs. 30,000

    Administrative Expenses Rs. 15,000

Prepare a cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs. 1,250 and expenditure in productive wages Rs. 750, so that the price might yield a profit of Rs. 20% on the selling price.

UNIT-II

6. Distinguish between Management accounting and financial accounting.
7. Conclude the functions of management accounting.
8. The cost accounts department of a company has supplied the following data for the supply of 2,000 units of product.

    Direct Materials: 40,000 tons at Rs. 5 per ton.

    Direct Wages : 8,000 labour hours at Rs. 50 per ton.

    Overheads:

    Variable: Factory Rs.10 per labour hour

    Selling Rs.20 per unit

    Fixed: Factory Rs.1,00,000

    Office Rs. 2,00,000

Prepare a statement showing the price to be fixed which will fetch a profit of 25% on cost.

9. The sales turnover and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
1991	1,40,000	15,000
1992	1,60,000	20,000

Calculate: i) P/V Ratio

ii) Break-even point

iii) Sales required to earn profit of Rs. 40,000

iv) Fixed expenses and

v) Profit when sales are Rs. 1,20,000

10. A company is considering expansion. Fixed costs amount to Rs. 4,20,000 and are expected to increase by Rs. 1,25,000 when the plant expansion is completed. The present plant capacity is 80,000 units a year. Capacity will increase by 50% with the expansion. Variable costs, currently Rs. 6.80 per unit, are expected to go down by Re.0.40 per unit with the expansion. The current selling price is Rs.16 per unit is expected to remain the same under each alternative.

What are the break even points under either alternative? Which alternative is better and why.

UNIT-III

11. Elaborate the types of budget.

12. Conclude the essentials of the successful budgetary conrol.

13. From the following forecasts of income and expenditure prepare a cash budget for the three months commencing 1st june, when the bank balance was Rs. 1,00,000

Months	Sales Rs.	Purchases Rs.	Wages Rs.	Factory Expenses Rs.	Administrative and selling Expenses Rs.
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

A sales commission of 5 percent on sales, due to two months after sales, is payable in addition to selling expenses. Plant valued at Rs. 65,000 will be purchased and paid for in August, and the dividend for the last financial year of Rs. 15,000 will be paid in july. There are two month credit period allowed to customers and received from suppliers.

14. Draw up a flexible budget for the production at 75% and 100% capacity on the basis of the following data for a 50% activity.

Particulars	**Per Unit Rs.**
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expense (60% fixed)	50,000
Present Production (50% activity)	1,000 units

15. Draw up a flexible budget for the production at 75% and 100% capacity on the basis of the following data for a 50% activity.

Particulars	**Per Unit Rs.**
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expense (60% fixed)	50,000
Present Production (50% activity)	1,000 units

UNIT-IV

16. Distinguish between fund flow and cash flow statements.

17. From the following balance sheets of A Ltd, Prepare a cash flow statement

Liabilities	2012 (Rs.)	2013 (Rs.)	Assets	2012 (Rs.)	2013 (Rs.)
Equity share capital	3,00,000	4,00,000	**Fixed Assets**	4,00,000	5,50,000
Profit and loss A/c	85,000	1,10,000	**Stock**	2,00,000	2,25,000
Bank Loan	1,00,000	75,000	**Debtors**	2,10,000	1,90,000
Creditors	3,10,000	2,95,000	**Bills Receivable**	80,000	1,10,000
Accumulated Depreciation	80,000	1,35,000	**Bank**	30,000	--------
Proposed Dividend	45,000	60,000			
	9,20,000	**10,75,000**		**9,20,000**	**10,75,000**

18. Malar ltd sells two products A and B which are produced in its special product division. Sales for the year 2000 were planned as follows

Products	1st Quarter Units	2nd quarter units	3rd quarter units	4th quarter units
Product A	10,000	12,000	13,000	15,000
Product B	5,000	4,500	4,000	3,800

The selling prices were Rs. 20 per unit and Rs. 50 per unit respectively for A and B. Average sales returns are 5% of sales and discounts and bad debts amount to 4% of total sales. Prepare sales budget for the year 2000.

19. Prepare a schedule of changes in working capital from the following balance sheets.

Liabilities	1998 Rs.	1999 Rs.	Assets	1998 Rs.	1999 Rs.
Share capital	50,000	50,000	Fixed assets	18,000	28,000
10% debentures	10,000	20,000	**Investments:** Non-trading	10,000	10,000
			Trading	8,000	9,000
Bills payable	18,000	6,000	Inventories	12,000	18,000
Outstanding expenses	6,000	9,000	Trade debtors	40,000	48,000
Trade creditors	33,000	40,000	Accrued interest	4,000	6,000
			Unexpired insurance	----------	3,000
			Cash at bank	17,000	2,000
			Cash in hand	8,000	1,000
	1,17,000	**1,25,000**		**1,17,000**	**1,25,000**

20. Differentiate the fund flow statement from the Balance sheet.

UNIT-V

21.Calculate stock turnover ratio from the following trading account:

Opening stock	Rs. 40,000	Sales	Rs. 2,00,000
Purchases	Rs. 1,00,000	Closing stock	Rs. 20,000
Freight	Rs. 10,000	**Total**	**Rs. 2,20,000**
Gross profit	Rs. 70,000		
Total	**Rs. 2,20,000**		

22. Explain the different types of ratios with formula.

23.i) Calculate the Fixed asset turnover ratio from the company that has gross fixed assets of Rs. 5,00,000 and accumulated depreciation of Rs. 2,00,000. Sales over the last 12 months totaled Rs. 9,00,000.

ii) Write down the formula for Total asset turnover ratio and explain the significance of Ratio analysis

24. Distinguish between management accounting and cost accounting.

25. You are required to compile a statement showing cost and profit from the information given, showing clearly: a) Material consumed b) prime cost c) work cost d) cost of production e) cost of sales f) profit g) sales.

Materials purchased Rs. 2,00,000

Wages Rs. 1,00,000

Direct expenses Rs. 20,000

Opening stock of materials Rs. 40,000

Closing stock of materials Rs. 60,000

Factory overhead is absorbed to 20% on wages. Administration overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

26. Elaborate the elements of cost in detail.

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