(8 pages)

NOVEMBER 2024 **72264/150C2B**

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions in about 30 words each.

1. State the objectives of cost accounting.
2. What is historical costing?
3. Write a note on Tenders
4. State two transactions that do not affect the flow of funds.
5. Who are the external users of the Financial Statements?
6. What are the factors affecting the efficacy of ratios?
7. Distinguish between Funds from operation and Cash from operation.
8. What are the limitations of ratio analysis?
9. What is Zero-Base Budgeting?
10. State the importance of 'Budget Key Factor'
11. What is margin of safety?
12. What is Angle of incidence?

SECTION B — ($5 \times 5 = 25$ marks)

Answer any FIVE questions in about 200 words each.

13. What is meant by cost accounting? In what essential respects does cost accounting differ from financial accounting?

14. Prepare common size income statement from the following

Particulars	2020 (Rs)	2021 (Rs)
Sales	10,00,000	8,00,000
Cost of goods sold	6,00,000	4,00,000
Administrative, selling and distribution	2,00,000	1,40,000
Other income	40,000	20,000
Income tax	1,20,000	1,40,000

15. Calculate current assets, current liabilities and stock turnover ratio from the following

Current ratio 2.5:1

Working capital 60,000

Opening stock 29,000

Closing stock 31,000

Sales 3,20,000

Gross profit ratio 25% on sales

16. Explain the usefulness of trend percentages in the interpretation of financial performance of a company.

17. With the following data for a 60% activity, prepare a budget for production at 80% and 100 activity. Production at 60% activity: 600 units.

    Materials Rs. 100 per unit

    Labour Rs. 40 per unit

    Expenses Rs. 10 per unit

    Factory expenses Rs. 40,000(40% fixed)

    Administration expenses Rs. 30,000 (60% fixed)

18. From the following balance sheet as on 31st December, 2021 and 31st December 2022, prepare Cash flow Statement.

Liabilities	2021 (Rs)	2022 (Rs)	Assets	2021 (Rs)	2022 (Rs)
Share Capital	1,00,000	1,50,000	Fixed assets	1,00,000	1,50,000
Profit and Loss Account	50,000	80,000	Good will	50,000	40,000
General Reserve	30,000	40,000	Inventories	50,000	80,000
12% Bonds	50,000	60,000	Debtors	50,000	80,000
Sundry Creditors	30,000	40,000	Bills receivable	10,000	20,000
Outstanding Expenses	10,000	15,000	Banks	10,000	15,000
	2,70,000	3,85,000		2,70,000	3,85,000

19. The Sales Turnover and Profit during two years were as follows:

Year	Sales (Rs)	Profit(Rs)
2022	1,50,000	20,000
2023	1,70,000	25,000

Calculate:

(a) P/V Ratio,

(b) Break-Even Point,

(c) The Sales Required to earn a profit of Rs. 40,000

(d) The profit made when sales are Rs. 2,50,000

SECTION C — ($3 \times 10 = 30$ marks)

Answer any THREE questions in about 500 words each.

20. Mr. Kannan furnishes the following data relating to the manufacture of a standard product during the month of January, 2022: Prepare

(a) Cost Sheet

(b) A Statement showing Profit for the period.

Raw Material purchased Rs. 15,000

Opening Stock of Raw Materials Rs. 4,000

Closing Stock of raw materials Rs. 5,000

Direct Labour Cost Rs. 9,000

Machine Hours Worked 900 hours

Machine Hour Rate Rs. 5

Carriage Inwards Rs. 1,000

Administrative Overheads 20 % on Works Cost

Selling Overheads 50 Paisa. per unit sold

Units Produced 17,100

Opening Stock of Finished Products 2,000 units @ Rs. 150 per unit

Units sold 16,000 units

Selling price per unit Rs. 4

21. Calculate the following Ratios from the below balance sheet:

(a) Current Ratio

(b) Liquid Ratio

(c) Proprietary Ratio

(d) Stock Working capital Ratio

(e) Capital Gearing Ratio

(f) Debt Equity Ratio

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	5 ,00,000	Land and building	1,00,000
Preference share capital	2,00,000	Machinery	4,00,000
General Reserve	1,00,000	Furniture	50,000
Secured Loan	3,00,000	Inventory	3,00,000
Sundry Creditors	1,00,000	Sundry debtors	3,00,000
		Cash / Bank balance	50,000

22. The following is the Comparative balance sheet of ABC and Co. Ltd as on 30th June 2021 and 30th June 2022.

Liabilities	30.06.2021 (Rs)	30.06.2022 (Rs)	Assets	30.06.2021 (Rs)	30.06.2022 (Rs)
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserves and surplus	28,000	36,000	Buildings	80,000	72,000
P and L a/c	39,000	24,000	Machinery	74,000	72,000
Trade creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	3,11,200	3,11,600		3,11,200	3,11,600

Additional information:

(a) Depreciation charged on machinery Rs. 10,000 and on building Rs. 8,000

(b) Investments sold during the year Rs. 3,000

(c) Rs. 15,000 interim dividend paid during January 2022.

(d) Taxes paid during the year Rs. 30,000.

Prepare a statement of changes in working capital and a funds flow statement.

23. ABC Ltd. a newly started company, wishes to prepare wash budget from January. Prepare a cash budget for the first six months from the following estimated revenue and expenses.

Months	Total sales	Materials	Wages	Production Overheads	Selling and Distribution
	Rs.	Rs.	Rs.	Rs.	Rs.
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	28,000	14,000	4,600	3,400	900
April	36,000	22,000	4,600	3,400	900
May	30,000	20,000	4,000	3,200	900
June	40,000	25,000	5,000	3,600	1,200

Cash balance on 1st January was Rs. 10,000. A new machinery is to be installed at Rs. 20,000 on credit, to be paid by two equal installments in March and April. Sales commission @ 5% on total sales is to be paid within a month following actual sales.

(a) Period of credit allowed by supplier: 2 months

(b) Period of credit allowed to customers: 1 Month

(c) Delay in payment of overheads : 1 month

(d) Delay in payment of wages: ½ month

24. "Marginal costing is the administrative tool for the management to achieve higher profits and efficient operations". Discuss.

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