(8 pages)

NOVEMBER 2025 **72264/150C2B**

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions in about 30 words each.

1. What is direct and indirect cost? Give one example each.

2. What do you mean by element wise classification of overheads?

3. Bring out the differences between cost control and cost reduction.

4. Define Management Accounting

5. What is the impact of purchase of fixed assets in fund flow statement?

6. What are the uses of financial statements?

7. List any two Merits and demerits of trend analysis.

8. What are the Ratios which assess the company's Debt Capacity?

9. What is Performance Budgeting?

10. What are the factors affecting the efficacy of ratios?

11. State the importance of 'Budget Key Factor'.

12. What is meant by "Angle of Incidence" in a break-even chart?

SECTION B — ($5 \times 5 = 25$ marks)

Answer any FIVE questions.

13. Explain the various classification of cost. Explain 'cost' and 'profit' Centre.

14. "Cost accounting is an aid to management". Examine the main points in support of this statement.

15. The following are the balance sheets of A Ltd and B Ltd as on March 2022. Comment on their position by preparing a common size balance sheet

Balance Sheet as on 31st March 2022

Liabilities	A Ltd. (Rs.)	B Ltd. (Rs.)	Assets	A Ltd. (Rs.)	B Ltd. (Rs.)
Share capital	25,00,000	40,000	Fixed assets	60,00,000	80,000
Reserves	10,00,000	60,000	Stock	20,00,000	20,000
10 % Debentures	40,00,000	-	Debtors	50,00,000	15,000
Term Loans	60,00,000	10,000	Bills		

Liabilities	A Ltd. (Rs.)	B Ltd. (Rs.)	Assets	A Ltd. (Rs.)	B Ltd. (Rs.)
			Receivable	10,00,000	10,000
Creditors	20,00,000	20,000	Cash at		
Bills payable	5,00,000	10,000	Bank	20,00,000	15,000
	1,60,00,000	1,40,000		1,60,00,000	1,40,000

16. Following are the details relating to the trading activities of A Ltd.

    Stock velocity - 8 months

    Debtor's velocity - 3 months

    Creditor's velocity - 2 months

    Gross profit ratio - 25 %

    Gross profit for the year Rs. 4,00,000. Bills Receivable Rs.25000 and Bills payable Rs 10,000. Closing stock of the year is Rs.10,000 more than the opening stock. Find out (a) Sales (b) Debtors (c) closing stock and (d) Creditors.

17. From the following information, calculate (a) Inventory Turnover Ratio; (b) Operating Ratio and (c) Working Capital Turnover Ratio:

    Opening Inventory Rs 28,000; Closing Inventory Rs. 22,000; Purchases Rs 46,000; Revenue from Operations, (i.e., Net Sales) Rs. 80,000; Return Rs. 10,000; Carriage Inwards Rs. 4,000; Office Expenses Rs. 4,000; Selling and Distribution Expenses Rs. 2,000; Working Capital Rs. 40,000.

18. Godrej Ltd is currently operating at 70% of its capacity. In the past two years, the levels of operations were 50% and 60% respectively. Presently, the production is 70,000 units. The company is planning to utilize its full capacity during 2021-2022. The cost details are as follows:

	50%	60%	70%
Direct Materials (Rs)	1,10,000	1,30,000	1,50,000
Direct Labour	55,000	65,000	75,000
Factory Overhead	31,000	33,000	35,000
Selling Overheads	32,000	36,000	40,000
Administrative Overheads	16,000	16,000	16,000
Total	2,44,000	2,80,000	3,16,000

The following increases in costs are expected during the year: Direct Materials — 8%, Direct Labour and variable factory overheads at 5%, Variable selling overheads –-8%, fixed factory overheads and administration overheads at 10% and fixed selling overheads at 15%. Prepare a flexible budget for the period 2021-2021 at 100% capacity.

19. Explain the assumptions and managerial uses of break-even analysis

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

Answer any THREE questions.

20. The following information has been obtained from the cost records of Modern Works Ltd., for the three months ending 31st March 2022 during which 100 units are produced and all the units are sold at Rs. 3000 per unit. Prepare a cost sheet to calculate the profit

Stock of Raw material on 1st January 2022 Rs. 18,000

Stock of Raw material on 31st March 2022 Rs. 21,000

Materials purchased Rs. 1,62,000

Carriage paid on purchase Rs. 3,000

Depreciation on plant Rs. 6,000

Repairs to plants Rs. 2,000

Factory rent and rates - 7000

Indirect material Rs. 11,000

Indirect labour Rs. 9000

Direct labour Rs. 28,000

Depreciation on furniture Rs. 3,000

Printing and stationery Rs. 1,500

Office salaries and allowances Rs. 14,500

Warehouse rent Rs. 2,400

Advertising Rs. 2,000

Salesman salary and commission Rs. 2,600

21. From the following prepare comparative balance sheet.

Liabilities	2022	2023	Assets	2022	2023
Equity share capital	3,25,000	1,80,000	Land and buildings	4,50,000	2,20,000
Preference share capital	1,50,000	1,00,000	Machinery	3,50,000	2,50,000
Reserves and Surplus	1,25,000	1,20,000	Investments	50,000	30,000
Long term loans	4,50,000	2,50,000	Debtors	1,70,000	1,40,000
Bills payable	30,000	15,000	Cash at bank	55,000	20,000
O/S expenses	5,000	2,000	Prepaid expenses	30,000	14,000
Creditors	20,000	7,000			
Total	11,05,000	6,74,000		11,05,000	6,74,000

22. Analyze the similarities and differences between financial and management accounting.

23. Construct a cash budget for three months ending June 30, 2023 from the information given below:

Month	Sales (Rs)	Materials (Rs)	Wages (Rs)	Overheads (Rs)
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2.000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

Credit terms are as follows:

(a) Sales- 10% sales are on cash, 50% of sales are collected next month and the balance in the following month

(b) Creditors: Materials are paid 2 months after the purchase; 75% of wages are paid in the same month an rest in the next month; 50% of overheads are paid in the same month and rest in the following month

(c) Plant and Machinery will be installed in February 2023 at a cost of Rs. 96,000. The monthly instalment of Rs. 2,000 is payable from April onwards.

(d) Advance to be received for sale of vehicles Rs. 90,00 in June

(e) Dividends from investments amounting to Rs. 1,000 are expected to be received in June.

(f) Income tax (advance) to be paid in June, is Rs. 2,000

(g) Dividend at 5% on preference share capital of Rs. 2,00,000 will be paid on 1st June

(h) Cash and Bank balance on April 1,2023 is expected to be Rs. 6,000

24. The following figures of sales and profits for two periods are available in respect of a concern:

Period	Sales Rs.	Profit Rs.
I	1,00,000	15,000
II	1,20,000	23,000

Calculate

(a) P/V Ratio

(b) Fixed Cost

(c) Breakeven point

(d) Profit at an estimated sale of Rs.1,25,000.

(e) Sales required to earn a profit of Rs.20,000

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