

**School of Finance and Commerce****Bachelor of Commerce Honours in Financial Market  
Semester End Examination - Aug 2024**

Duration : 180 Minutes  
Max Marks : 100

**Sem III - H1UD301T - Basics of Cost Accounting**General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) Define ratio analysis. K1(2)
- 2) Differentiate between standard costing and estimated cost. K2(4)
- 3) Cochin corporation Ltd employs 80 vehicles of 5 Tonnes capacity for the removal of its garbage by motor vehicles transport. On an average each vehicle makes 4 trips a day, covering a distance of 8 kms in each trip. Load actually carried is 80% of the capacity on an average. Similarly on an average basis 20% of the vehicles are laid up for maintenance on any given day. The vehicles run 30 days a month. Calculate the Tonne- Kilometres per month. K2(6)
- 4) Select and explain the best ratios used to detect the solvency and liquidity position of a firm. K3(9)
- 5) Explain the superiority of fund flow statement over income statement. K3(9)
- 6) The accounts of ABC Ltd for the year ended 31st December, 2015, shows the following figures in Rs.: K5(10)  
Work Office Salaries 7000  
Administrative Office Salaries 12,000  
Cash Discounts allowed 3000  
Carriage Outward 4000  
Carriage Inward 7500  
Bad debts written off 6000  
Repairs to Plant and Machinery 4000  
Factory rent 8000  
Office rent 3500  
Sales 500000  
Stock of Raw materials: 1st Jan., 2010 - 47,000 and 31st Dec., 2010 - 61,500  
Materials Purchased 188000  
Travelling Expenses 3000  
Travellers Salaries and Commission 7700  
Wages 130000  
Depreciation on Plant and Machinery 7000  
Depreciation on Office Furniture 350

Director's Fees 6500

Gas and Water (Factory) 1300

Gas and Water (Office) 500

Manager's Salary (1/4 Office and 3/4 Factory) 9500

General Expenses 3900

You are required to prepare a cost statement for the year ended 31st December, 2015. Also, discuss the nature and characteristics of prime cost.

- 7) Ratio analysis helps to show whether the firm's position has been improving or deteriorating'. Analyze. K4(12)
- 8) A company is making a loss of Rs. 40,000 and relevant information is as follows: Sales Rs. 1,20,000; Variable Costs Rs. 60,000; Fixed costs Rs. 1,00,000. Loss can be made good either by increasing the sales price or by increasing sales volume. What are Break even sales if (a) Present sales level is maintained and the selling price is increased. (b) If present selling price is maintained and the sales volume is increased. What would be sales if a profit of Rs. 1,00,000 is required ? K5(15)
- 9) TATA Co. Ltd. is to start production on 1st January 2011. The prime cost of a unit is expected to be Rs. 40 (Rs. 16 per materials and Rs. 24 for labour). In addition, variable expenses per unit are expected to be Rs. 8 and fixed expenses per month Rs. 30,000. Payment for materials is to be made in the month following the purchase. One-third of sales will be for cash and the rest on credit for settlement in the following month. Expenses are payable in the month in which they are incurred. The selling price is fixed at Rs. 80 per unit. The number of units to be produced and sold is expected to be: January 900; February 1200; March 1800; April 2000; May 2,100 June 2400 .Construct a Cash Budget indicating cash requirements from month to month. K5(15)
- 10) Assess the role management accountant play in decision making process? Discuss the tools and techniques of management accounting which is based on financial accounting data for this purpose? K6(18)