

D5BBH2301

Reg. No.....

Name .....

**FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2025**

**(Regular/Improvement/Supplementary)**

**BBA HONOURS**

**GBAH5B20T: COST AND MANAGEMENT ACCOUNTING**

**Time: 3 Hours**

**Maximum Marks: 80**

**Part A. Answer *all* the questions. Each question carries *one* mark.**

**Choose the correct answer.**

1. Conversion cost of a finished product means:
  - a. All costs associated with a particular unit.
  - b. The cost which is normally incurred at a given level of output.
  - c. All costs which under the present conditions must be incurred.
  - d. The cost of production is less the material but includes gain or loss in material arising due to production.
2. Canteen expenses are apportioned based on \_\_\_\_\_.
  - a. Direct wages.
  - b. No. of workers.
  - c. Area of departments.
  - d. Technical estimates.
3. Wage sheet is prepared by:
  - a. Personnel department.
  - b. Payroll department.
  - c. Cost department.
  - d. Finance department.
4. Ratio analysis should be taken as a substitute for:
  - a. Cash flow analysis.
  - b. Financial statement.
  - c. Sound judgement.
  - d. Fund flow analysis.
5. Allotment of overhead to cost unit is called \_\_\_\_\_.
  - a. Apportionment.
  - b. Absorption.
  - c. Allocation.
  - d. Departmentation.

**Fill in the blanks.**

6. Common measurement analysis indicates the relationship of various items with some \_\_\_\_\_.
7. Depreciation is \_\_\_\_\_ expenditure.
8. Work cost is the total of \_\_\_\_\_.
9. Financial analysis is helpful in assessing the \_\_\_\_\_ and profitability of a firm.
10. An opportunity cost is \_\_\_\_\_.

**(10 × 1 = 10 marks)**

**(PTO)**

**Part B. Answer any *eight* questions. Each carries *two* marks.**

11. Distinguish between cost and cost accounting.
12. If the minimum stock level and average stock level of a raw material are 5000 and 7000 units respectively, find out its reorder quantity.
13. What is the difference between allocation and apportionment of overheads?
14. Define explicit cost. How they are different from implicit cost?
15. What are the objectives of financial statement analysis?
16. Explain operating ratios and turnover ratios.
17. What is conversion cost and sunk cost?
18. What is trend analysis?
19. What is standard costing and job costing?
20. What is EOQ? How is it calculated?

**(8 × 2 = 16 marks)**

**Part C. Answer any six questions. Each question carries 4 marks.**

21. Harsha Ltd produces a product which has a monthly demand of 4,000 units. The product requires a component X which is purchased at Rs 20. For every finished product, one unit of component X is required. The ordering cost is Rs 120 per order and the holding cost is 10% per annum. You are required to calculate : a. EOQ b. if the minimum lot size to be supplied is 4000 units, what is the extra cost the company has to incur?
22. Draw a proforma cost sheet.
23. From the following information, prepare Balance sheet. Total assets to net worth 3.50; sales to fixed assets 5; sales to current assets 8; sales to inventory 15; sales to debtors 18; current ratio 2.50; sales Rs 25 lakhs.
24. a.) A company has a capital of Rs 10,00,000. Its turnover is three times and the margin on sales is 6%. Find out the Return on Investment.  
b.) From the following information, calculate Average Collection Period.  
Total sales Rs 1,00,000, cash sales (included in total sales) Rs 20,000, sales return Rs 7,000, total debtors at the end of the year Rs 11,000 and bills receivable Rs 4,000, bad debts provisions Rs 1,000 and creditors Rs 10,000.
25. Discuss the utility of financial statements to various parties in the business concern.

26. XYZ Ltd manufactures household pumps which pass through three departments i.e., foundry, machinery shop and assembling. The manufacturing expenses are as follows:

	Foundry	Machinery shop	Assembling	Total
Direct wages	10,000	50,000	10,000	70,000
Works O/h	5,000	90,000	10,000	1,05,000

The factory cost of manufacturing a type of 'C' pump was prepared by the company as follows:

	Rs
<b>Material</b>	16
<b>Direct wages:</b>	
Foundry	2
Machinery shop	4
Assembling	2
Works overheads	
(150% of direct wages i.e., $\frac{1,05,000}{70,000} \times 100$ )	8
	12
<b>Total cost</b>	<b>36</b>

It seems there is some fallacy. Try to correct it.

27. Discuss the main groups into which overheads are formed according to functional classification.
28. "While financial accounting is external, cost accounting is internal to the business." Explain.

(6 × 4 = 24 Marks)

**Part D. Answer any two questions. Each carries fifteen marks.**

29. You are tasked with developing a monthly financial performance report for your organization. Describe the process you could follow gather, analyze and present the financial data. Include a sample outline or structure of the report, highlighting the essential sections and the type of information each section should contain.

(PTO)

30. The budgeted cost of a factory specializing in the production of a single product at the optimum capacity of 6,400 units per annum amounts to Rs 1,76,048 as detailed below;

Fixed costs		20,688
<b>Variable costs:</b>		
Power	1,440	
Repairs	1,700	
Miscellaneous	540	
Direct materials	49,280	
Direct labour	<u>1,02,400</u>	<u>1,55,360</u>
		1,76,048

Having regard to the possible impact on sales turnover by market trends the company decided to have a flexible budget with a production target of 3,200 and 4,800 units (the actual quantity proposed to be produced being left to a later date before commencement of the budget period). Prepare a flexible budget for production levels at 50% and 75% capacity.

Assume the selling price per unit is maintained at Rs 40 as at present, indicate the effect on net profit. Administration, selling, and distribution expenses continue at Rs 3,600.

31. M Ltd gives you the following information for the year ended 31<sup>st</sup> March 2024

- i. Sales for the year totaled Rs 96,00,000. The company sells goods for cash only.
- ii. Cost of goods sold was 60% of sales.
- iii. Closing inventory was higher than opening inventory by Rs 43,000.
- iv. Trade creditors on 31<sup>st</sup> March 2024 exceeded those on 31<sup>st</sup> March 2023 by Rs 23,000.
- v. Tax paid amounted to Rs 7,00,000.
- vi. Depreciation on fixed assets for the year was Rs 3,15,000 whereas other expenses totaled Rs 21,45,000, and outstanding expenses on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2024, totaled Rs 82,000 and Rs 91,000 respectively.
- vii. New machinery and furniture costing Rs 10,27,500 in all were purchased.
- viii. A right issue was made of 50,000 equity shares of Rs 10 each at a premium of Rs 3 per share. The entire money was received with applications.
- ix. Dividends totaling Rs 4,00,000 were distributed among shareholders.
- x. Cash in hand and at the bank as at 31<sup>st</sup> March, 2023 totaling Rs 2,13,800.

You are required to prepare a statement of cash flows using the direct method.

**(2 × 15 = 30 Marks)**