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2013

(August)

COMMERCE

Paper : 103

(Cost and Management Accounting)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. (a) "Cost Accounting is an unnecessary luxury for a business establishments." Do you agree with this statement? Discuss. 16

Or

- (b) What are the various techniques of cost control? Distinguish between cost reduction and cost control? 10+6=16

2. (a) From the following information, calculate the
- (i) Effective kilometres per annum
 - (ii) Effective passenger kilometres per annum
 - (iii) Total cost of fuel
 - (iv) Cost of fuel per kilometre

Distance of one-way route – 40 kilometre

Round trips per day – 3

Days operated in a month – 25

Seating capacity – 50 passengers

Seating capacity occupied – 80%

Fuel consumption – 1 litre per 6 kilometre

Rate of fuel – Rs. 15 per litre

Or

- (b) A transistor manufacturer who commenced his business on 1st April 2011 supplies you with the following information and asks you to prepare a statement showing the profit per transistor sold.

Wages and materials are to be charged at actual cost, works overhead at 75% of wages and office overhead at 30% of works cost. Number of transistors manufactured and sold during the year was 540.

Other particulars are :

Materials per set – Rs. 240

Wages per set – Rs. 80

Selling price per set – Rs. 600

If the actual works expenses were Rs. 32,160 and office expenses were Rs. 61,800, prepare a Reconciliation Statement.

3. (a) What are the objectives of Financial Statement Analysis ? Distinguish between Analysis and Interpretation of Financial Statements ?

10+6=16

Or

- (b) What are the Trend Ratios ? Explain the techniques of computing Trend Ratios.

6+10=16

4. (a) From the following information, prepare a summarised Balance Sheet as on 31st March 2010 (Your workings should form part of the answer).

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	Rs.
(i) Working capital	1,20,000
(ii) Reserve and surplus	80,000
(iii) Bank overdraft	20,000
(iv) Fixed assets / proprietary ratio	0.75
(v) Current ratio	2.50
(vi) Liquid ratio	1.50

Or

- (b) Discuss the ratios which assess the company's debt capacity.

16

5. (a) XYZ Ltd. sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the year ended 31st March 2010 :

	Rs.
Sales at 3 months credit	40,00,000
Raw materials	12,00,000
Wages paid - 15 days in arrears	9,60,000
Manufacturing expenses paid one month in arrear	12,00,000
Administrative expenses - one month in arrears	4,80,000
Sales promotion expenses payable half yearly in advance	2,00,000

The company enjoys one month credit from the suppliers of raw materials and maintains 2 months stock of raw materials and one and half month finished goods. Cash balance is maintained at Rs 1,00,000 as a precautionary balance. Assuming a 10% margin, find out the working capital requirements of XYZ Ltd.

Or

- (b) Define 'operating cycle concept'. What are the important factors which determine the working capital of a business? 6+10=16