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**PRESIDENCY UNIVERSITY BENGALURU**

**SCHOOL OF MANAGEMENT**

**SUMMER TERM END TERM EXAMINATION – AUGUST 2024**

**Semester :** Summer term

**Course Code :** BBA 2006/MGT141

**Course Name :** Cost and Management Accounting

**Program :** BBA -IV

**Date :** 08.08.2024

**Time :** 09.30am - 12.30pm **Max Marks :** 100 **Weightage :** 50%

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Question paper consists of 3 parts.*
3. *Scientific and non-programmable calculator are permitted.*
4. *Do not write any information on the question paper other than Roll Number.*

**PART - A**

**ANSWER ANY 5 QUESTIONS 5Q X 2M = 10M**

* 1. Define Cost.
  2. If cost is Rs.15,000 and profit on cost is 20%. Calculate the sales value.
  3. Memorize the formula of Halsey premium plan.
  4. Reproduce a proforma statement of Trend analysis with imaginary figures.
  5. Recognize any two solvency ratios.
  6. Outline the significance of financial statement analysis.
  7. State the meaning of Liquidity Ratio.

(CO1) [Knowledge] (CO2) [Knowledge] (CO3) [Knowledge] (CO4) [Knowledge] (CO5) [Knowledge] (CO4) [Knowledge] (CO5) [Knowledge]

**PART - B**

**ANSWER ANY 5 QUESTIONS 5Q X 10 = 50M**

* 1. A large multinational corporation is holding a training session for new recruits in the finance department to explain the differences between cost accounting and financial accounting. Many of the recruits are recent graduates eager to deepen their understanding of these concepts before starting their roles. As a senior finance executive, how would you explain the distinctions between cost accounting and financial accounting to these new recruits.

(CO1) [Comprehension]

* 1. From the books of accounts of Ms. Vaishnavi, following details have been extracted for the year ending 31st March 1999. You are required to prepare cost sheet for the firm from the below given details.

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs.)** |
| Opening stock of raw materials | 7,30,000 |
| Closing stock of raw materials | 4,00,000 |
| Materials purchased | 6,00,000 |
| Direct wages | 5,45,000 |
| Indirect wages | 55,000 |
| Administrative charges | 2,10,000 |
| Bad debts | 44,000 |
| Machine depreciation charges | 34,000 |
| Fuel expenses | 56,000 |
| Office rent | 33,000 |
| Packing expenses | 76,000 |
| Delivery van charges | 55,000 |
| Factory Supervisor’s salary | 245000 |
| Director’s fees | 37,000 |
| Factory lighting | 26,000 |
| Furniture in office | 11,000 |
| Opening stock of finished goods | 2,05,000 |
| Closing stock of finished goods | 1,15,000 |
| Salesmen salary | 9,000 |

(CO2) [Comprehension]

* 1. The stock of material held on 1-4-2023 was 500 units @ Rs.50 per unit. The following receipts and issues were recorded. You are required to prepare stores ledger account showing how the value of issues would be calculated through LIFO method.

**Date Particulars**

2-4-23 Purchased 200 units @ Rs.55 per unit 6-4-23 Issued 500 units

10-4-23 Purchased 600 units @ Rs.55 per unit 13-4-23 Issued 450 units

20-4-23 Purchased 600 units @ Rs.65 per unit 25-4-23 Issued 600 units

10-5-23 Purchased 900 units @ Rs.70 per unit 12-5-23 Issued 600 units

13-5-23 Issued 200 units

15-5-23 Purchased 500 units @ Rs.75 per unit 12-6-23 Issued 400 units

15-6-23 Purchased 300 units @ Rs.80 per unit

(CO3) [Comprehension]

* 1. The following are the Balance Sheets of Sunset Ltd. as on March 31, 2000 and 2001. Prepare a Common size balance sheet.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **March 31, 2000 (Rs.)** | **March 31, 2001 (Rs.)** |
| Equity and Liabilities 1.Shareholders’ Funds |  |  |
| a)Share capital. | 12,00,000 | 8,50,000 |
| b)Reserve and surplus | 1,50,000 | 2,00,000 |
| 2.Non-current Liabilities Long-term borrowings | 5,50,000 | 3,00,000 |
| 2.Current liabilities Bills payables | 1,50,000 | 1,00,000 |
| **Total** | **20,50,000** | **14,50,000** |
| II. Assets  a) Fixed assets |  |  |
| Tangible assets | 12,00,000 | 8,50,000 |
| Intangible assets | 5,50,000 | 3,00,000 |
| 2. Current assets |  |  |
| Inventories | 1,50,000 | 2,00,000 |
| Cash and cash equivalents | 1,50,000 | 1,00,000 |
| **Total** | **20,50,000** | **14,50,000** |

(CO4) [Comprehension]

* 1. Mr. Vinay is interning in a consulting firm, and he is asked to prepare profitability reports on the management performance for the previous year by using ratio analysis to study the financial statements. But he is unaware of the ratios to be used for calculating the profitability of the firm. You as a management accounting expert, explain Mr. Vinay as what ratios to be calculated under profitability with formulas and the way of interpretation with imaginary figures.

(CO5) [Comprehension]

13. Precision Manufacturing Ltd. (PML) is a mid-sized company specializing in the production of high-precision components for the automotive industry. The company has been facing issues with employee productivity and has decided to implement an incentive plan to motivate workers and improve overall efficiency. PML's management is considering two widely recognized incentive plans: the Rowan Plan and the Halsey Plan.

The Rowan Plan rewards workers by paying them a bonus based on the time saved, relative to a standard time set for each task. The bonus is proportional to the time saved, but it decreases as the worker approaches the standard time.

The Halsey Plan, on the other hand, pays workers a bonus of 50% of the time saved compared to the standard time. This plan guarantees a basic time wage for the standard time, plus the bonus for any time saved.

**Question:**

A.Explain the key differences between the Rowan Plan and the Halsey Plan in terms of how they

incentivize workers and the potential impact on productivity.

B.Discuss the advantages and disadvantages of each plan from the perspective of both workers

and the company.

(CO3) [Comprehension]

14. Calculate trend percentages for the following particulars of Wim ltd. (Rs. In Lakhs)

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | Year 1 | Year 2 | Year 3 |
| **EQUITY & LIABILITIES:** |  |  |  |
| Shareholders fund | 350 | 275 | 300 |
| Non-current Liabilities | 200 | 125 | 100 |
| Current Liabilities | 50 | 40 | 80 |
| **TOTAL** | **600** | **440** | **480** |
| **ASSETS:** |  |  |  |
| Non-current Assets | 400 | 360 | 390 |
| Current Assets | 200 | 80 | 90 |
| **TOTAL** | **400** | **440** | **480** |

(CO4) [Comprehension]

**PART - C**

**ANSWER ANY 2 QUESTIONS 2Q X 20M = 40M**

15. The accounts of a machine manufacturing company disclose the following information for the year

ending 31st March 2023.

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs.)** |
| Materials used | 2,50,000 |
| Productive wages | 1,50,000 |
| Factory overhead | 25,000 |
| Establishment and general expenses | 17,640 |
| Selling & Distribution expenses | 25,000 |

Prepare a cost sheet of the machines and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1,250 and expenditure in productive wages of Rs. 750, so that the price may yield a profit of 20% on the selling price.

16.The following are the Balance Sheets of Jay Ltd. as on March 31, 2020 and 2021.

Prepare a Comparative balance sheet and a Common size balance sheet.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **March 31, 2020 (Rs.)** | **March 31, 2021 (Rs.)** |
| Equity and Liabilities 1.Shareholders’ Funds |  |  |
| a)Share capital. | 21,00,000 | 15,00,000 |
| b)Reserve and surplus | 3,00,000 | 4,00,000 |
| 2.Non-current Liabilities Long-term borrowings | 9,00,000 | 6,00,000 |
| 2.Current liabilities Trade payables | 4,00,000 | 2,00,000 |
| **Total** | **37,00,000** | **27,00,000** |
| II. Assets  a) Fixed assets |  |  |
| Tangible assets | 21,00,000 | 15,00,000 |
| Intangible assets | 9,00,000 | 6,00,000 |
| 2. Current assets |  |  |
| Inventories | 4,00,000 | 4,00,000 |
| Cash and cash equivalents | 3,00,000 | 2,00,000 |
| **Total** | **37,00,000** | **27,00,000** |

(CO2) [Apply]

(CO4) [Apply]

17.Calculate liquidity ratios and solvency ratios from the following balance sheet of Super well Ltd as on March 31st, 2024.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Note no.** | **Amount** |
| Equity and Liabilities 1.Shareholders’ Funds |  |  |
| a) Equity Share capital. |  | 24,00,000 |
| b) Reserve and surplus |  | 4,00,000 |
| c) Money received against share warrants |  | 2,00,000 |
| 2. Non-current Liabilities |  |  |
| a) Long-term borrowings |  | 8,00,000 |
| b) Other long-term liabilities |  | 80,000 |
| c) Long-term provisions |  | 1,20,000 |
| 3. Current liabilities |  |  |
| a) Short-term borrowings |  | 4,00,000 |
| b) Trade payables |  | 2,00,000 |
| c) Other current liabilities |  | 1,00,000 |
| d) Short-term provisions |  | 3,00,000 |
| **Total** |  | **50,00,000** |
| II. Assets  1. Non-current assets |  |  |
| a) Fixed assets |  | 30,00,000 |
| b) Non-current investments |  | 4,00,000 |
| c) Long-term loans and advances |  | 2,00,000 |
| 2. Current assets |  |  |
| a) Current investments |  | 3,00,000 |
| b) Inventories |  | 3,00,000 |
| c) Trade receivables |  | 2,00,000 |
| d) Cash and cash equivalents |  | 5,00,000 |
| e) Short-term loans and advances |  | 1,00,000 |
| **Total** |  | **50,00,000** |

(CO5) [Apply]