

## Rajiv Gandhi University of Health Sciences, Karnataka

VI semester Bachelors in Hospital Administration Degree Examination – APRIL 2015

Time: Three Hours

Max. Marks: 80 Marks

### Cost and Management Accounting

**Q.P. CODE: 1321**

**(QP contains Two pages)**

Your answers should be specific to the questions asked.

Draw neat, labeled diagrams wherever necessary

#### LONG ESSAYS (Answer any Two)

**2 x 10 = 20 Marks**

1. What is Budgeting? Explain different kinds of budget.
2. Define cost accounting. Explain the classification of cost.
3. The following information are related to a Company:  
Current assets - Rs.10,00,000; Opening stock - Rs.1,00,000; Closing stock - Rs.3,00,000; Cost of goods sold - Rs.24,00,000; Gross Profit - Rs.4,00,000; Indirect expenses - Rs.40,000; Equity shares - 14,00,000; 10% Preference share capital - Rs.6,00,000; 12% Debentures - Rs.4,00,000; Current Liabilities - Rs.4,00,000; General Reserve - Rs.2,00,000.  
You are required to find out: (a) Current Ratio (b) Quick Ratio (c) Stock Turnover Ratio (d) Debt-Equity Ratio and (e) ROI.

#### SHORT ESSAYS (Answer any Eight)

**8 x 5 = 40 Marks**

4. Explain the scope and use of Cost Accounting.
5. What are the limitations of Ratio analysis?
6. What is management accounting? Explain the role of management accounting.
7. Write a note on variance analysis.
8. Explain the classification of overheads.
9. Briefly explain the inventory control techniques.
10. Differentiate between cost accounting and financial accounting.
11. Record the following transactions in the stores ledger under LIFO method.  
2014  
Dec 1 - Opening balance - 3,000 units @ Rs.2 per unit  
Dec 3 - Issued 1,500  
Dec 4 - Issued 1,000  
Dec 10 - Received 2,000 units @ Rs.1.9 per unit  
Dec 16 - Issued 650  
Dec 20 - Received 2,400 units @ Rs.2.2 per unit  
Dec 24 - Returned to supplier 200 units out of purchases of 20<sup>th</sup> Dec  
Dec 26 - Issued 3,800  
Dec 14 received from the production department to stores 150 units.  
Stock verification on 18<sup>th</sup> Dec revealed of 100 units and on 30<sup>th</sup> Dec showed an excess of 50 units.

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12. A company has three production departments and two service departments. For a month, the departmental distribution summary has the following totals:

	A	B	C
	Rs.	Rs.	Rs.
Production department	800	700	500
Service department	234	300	-----

The expense of the service departments is charged out on a percentage basis as under:

Service departments	Production departments			Service departments	
	A	B	C	A	B
A	20%	40%	30%	-----	10%
B	40%	20%	20%	20%	-----

You are required to show the apportionment under repeated distribution method.

13. During the year 2014 Sparsh Pvt Ltd earned a profit of Rs.3,20,000 after adjusting the following:
- Preliminary expenses written off – Rs.10,000
  - Discount on debentures written off – Rs.25,000
  - Depreciation written off – Rs.15,000
  - Provision for bad debts – Rs.2,000
  - Salaries – Rs.9,000
  - Profit on sale of fixed assets – Rs.13,000
  - Loss on sale of investments – Rs.3,000
  - Proposed dividend – Rs.51,000
  - Transfer to debenture redemption fund – Rs.22,000
  - Dividend received – Rs.5,000
- Calculate funds from operation.

### SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

14. What is cost centre?
15. What is meant by Labour turnover?
16. What is meant by idle time?
17. What is meant by fringe benefits?
18. What is meant by contract costing?
19. What is meant by marginal costing?
20. What is meant by fund flow analysis?
21. What do you mean by capital budgeting?
22. What is meant by financial risk?
23. Give the meaning of financial accounting.
24. What do you mean by Net Present Value?
25. What do you mean by Ratio Analysis?

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