

MAY 2015

**P/ID 77716/MBN2A/
MBS2A**

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 3 = 30 marks)

Answer any TEN questions.

Write short notes on the following:

1. Cost reduction
2. Reconciliation of cost and financial accounts
3. Materials purchase control
4. VED analysis
5. WAM
6. Idle time
7. Over time
8. Labour turnover
9. Turnover ratio
10. Working capital

11. Leverage
12. Fund flow statement

SECTION B — (5 × 6 = 30 marks)

Answer any FIVE questions

13. Explain the distinction between cost accounting and management accounting.
14. Explain the steps in purchase of materials from outside.
15. Explain the disadvantages of overtime wages? Is overtime necessary?
16. Distinguish between allocation, apportionment and absorption of overhead.
17. How are under and over — absorbed overhead treated in cost accounts?
18. What do you understand by the following — efficiency ratio, activity ratio, capacity ratio?
19. Discuss the accounting ratios to judge the liquidity positions of a business.

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20. Differentiate between funds flow statement and statement of changes in working capital.

SECTION C — (2 × 20 = 40 marks)

Answer any TWO questions.

21. List out the different methods of costing and explain their practical applications.

22. From the following compute

Re-order level, Re-order quantity, Average stock level

Normal usage — 100 units per day

Minimum usage — 60 units per day

Maximum usage — 130 units per day

Minimum level - 1400 units

Maximum level - 7800 units

Re-order period — 20 to 30 days

23. The perpetual inventory system is an integral part of material control. — discuss this statement bringing out clearly the salient features and advantages of the system.

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24. Discuss the computation and significance of the following financial ratios: current ratio, quick ratio, earning per share, return on capital employed, inventory turnover and interest coverage ratio.
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