

QP CODE 2185503296

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**DMI-ST. EUGENE UNIVERSITY
DEGREE EXAMINATION – DECEMBER – 2022**

SEM: VIII 550AC032 COST AND FINANCIAL ANALYSIS

Time: 3 Hours

Max. Marks: 100

Answer any Five questions (5 x 20 = 100 Marks)

1. a) Discuss the advantages of financial statement analysis to the management. (10 Marks)
- b) Describe in details the components of a financial statement. (10 Marks)

2. a) From the following detail, calculate the Debtors turnover ratio

Total sales of the year Rs. 175000

Cash sales 20% of Total sales

Sales return out of credit sales Rs. 10000

Sundry debtor

Opening balance Rs.8000

Closing balance Rs.12000 (10 Marks)

- b) Describe in details solvency ratios analysis and give their benefits to the business.
(10 Marks)

3. a) From the following data, you are required to calculate:

(a) P/V ratio

(b) Break-even sales with the help of P/V ratio.

(c) Sales required to earn a profit of Rs. 4,50,000

Fixed Expenses = Rs. 90,000

Variable Cost per unit:

Direct Material = Rs. 5

Direct Labour = Rs. 2

Direct Overheads = 100% of Direct Labour

Selling Price per unit = Rs. 12. (10 Marks)

b) From the following particulars, calculate:

(i) Break-even point in terms of sales value and in units.

(ii) Number of units that must be sold to earn a profit of Rs. 90,000.

Fixed factory overheads cost Rs 60,000

Fixed selling overheads cost Rs 12,000

Variable Manufacturing cost per unit Rs 12

Variable selling cost per unit Rs 3

Selling price per unit Rs 24 (10 Marks)

4. a) The following table shows the number of units of a good produced and the total costs incurred:

Units Produced	Costs
	K'000
100	80
200	90
300	100
400	130
500	140
600	140
700	160

Required

i) Draw a scatter diagram including a line of best fit

ii) Forecast total costs at 750 units (10 Marks)

b) Maintenance costs for the six months to 31st December 20X8 are as follows

Month	Units	Total cost K'000
July	340	2,260
August	300	2,160
September	380	2,320
October	420	2,400

November	400	2,300
December	360	2,266

Required

- i) Use the high-level method to calculate the fixed costs per month and the variable cost per unit.
 - ii) Forecast total cost at 450 units. (10 Marks)
5. a) Discuss the difference between common size and comparative analysis. (10 Marks)
 - b) Explain the importance of trend analysis in financial analysis. (10 Marks)
6. a) Compute the gross profit ratio based on the following information: sales Rs. 6, 00,000; gross profit 25% on cost. (10 Marks)
 - b) Discuss the advantages of ratio analysis. (10 Marks)
7. a) The fixed costs amount to Rs. 50,000 and the percentage of variable costs to sales is given to be 66 ⅔%. If 100% capacity sales are Rs. 3,00,000, find out the break-even point and the percentage sales when it occurred. Determine profit at 80% capacity. (10 Marks)
 - b) From the following information, ascertain by how much the value of sales must be increased by the company to break-even:

Sales	Rs 300,000
Fixed Cost	Rs 150,000
Variable Cost	Rs 200,000 (10 Marks)