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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	Total	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 31<sup>st</sup> 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  $\frac{2}{3}$ %. 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) |