

**NATIONAL LAW UNIVERSITY, JODHPUR**

End-Term examination August- December, 2025

Semester: UG – V

Subject: Cost and Management Accounting

Time- Three Hours

Marks – 100

**Instructions-**

1. The basic calculator is allowed.
2. Attempt any five out of six questions.
3. All questions carry equal marks.

**Q. 1) Solve any two questions.****Marks- (20 x 1=20)**

(A.) What is Cost-Volume-Profit (CVP) analysis? Explain how CVP helps management in understanding the relationship between cost, volume, and profit for decision-making.

(B.) What is the role of cost classification in cost accounting? Discuss how proper classification enhances control and decision-making in an organisation.

(C.) Describe the concept of marginal costing. How does it assist managers in short-term decision-making, such as pricing, make-or-buy, and product mix decisions?

**Q. 2). Explain the following terms-****Marks- (5 x 4 =20)**

- (A.) Abnormal loss
- (B.) Notional Profit
- (C.) Economic Batch Quantity
- (D.) Fixed & Variable Cost with graph
- (E.) Cost Drive & Cost Object

**Q. 3) Attempt any two questions:****Marks- (2 x 10 =20)**

(A.) Explain the rules for determining and transferring profit on an incomplete contract under Contract Costing.

(B.) Define budget, budgeting, and budgetary control. Explain the objectives of budgetary Control.

(C.) What is Management Accounting? Explain its nature, scope, and role in managerial decision-making.

Q. 4). Solve the following questions.

Marks- (2 x 10=20)

(A.) A product passes through three processes. The output of each process is treated as the raw material of the next process to which it is transferred, and the output of the third process is transferred to finished stock.

Particulars	Process- I (₹)	Process- II (₹)	Process- III (₹)
Material Issued	40,000	20,000	10,000
Labour	6,000	4,000	1,000
Manufacturing Overheads	10,000	10,000	15,000

10,000 units have been issued to Process I, and after processing, the output of each process is as follows-

Process	Output	Normal Loss
Process-I	9,750 Units	2%
Process-II	9,400 Units	5%
Process-III	8,000 Units	10%

No stock of material or of work-in-progress was left at the end. Calculate the cost of the finished articles.

(B.) The following expenses were incurred on a contract:

- Materials purchased- 6,00,000
- Material drawn from stores- 1,00,000
- Wages - 2,25,000
- Plant issued- 75,000
- Chargeable expenses- 75,000
- Apportioned indirect expenses - 25,000

The contract was for 20,00,000, and it commenced on April 1, 2020. The value of the work completed and certified up to 28th February, 2021, was Rs.13,00,000 of which Rs.10,40,000 was received in cash, the balance being held back as retention money by the contractee. The value of work completed after the architect's certificate but before 31st March, 2021 was Rs. 60,000. There were also lying on the site materials of the value of Rs. 40,000. It was estimated that the value of the plant as at 31st March, 2021, was Rs. 30,000.

Compute the value of work certified, cost of work not certified and notional profit on the contract till the year ended 31st March, 2021.

Q. 5). From the following information of XYZ Ltd., prepare a Common-Size statement for 2023 and 2024, showing each item as a percentage of Total Assets and Total Liabilities.

Particulars	2024 (₹)	2025 (₹)
Equity Share Capital	16,00,000	18,00,000
Reserves & Surplus	5,00,000	6,40,000
Long-term Debt	8,00,000	9,00,000
Trade Payables	3,20,000	3,60,000
Outstanding Expenses	80,000	1,00,000
<b>Total Liabilities</b>	<b>33,00,000</b>	<b>38,00,000</b>
Fixed Assets	18,00,000	20,00,000
Inventory	5,00,000	5,60,000
Trade Receivables	6,00,000	6,40,000
Cash & Bank	4,00,000	6,00,000
<b>Total Assets</b>	<b>33,00,000</b>	<b>38,00,000</b>

Marks- (1 x 20 =20)

Q. 6). Solve the following questions.

Marks- (2 x 10= 20)

(A.) From the following Income Statements of Drishti Pvt. Ltd. for the years 2023 and 2024, prepare a Comparative Income Statement showing absolute increase/decrease, and percentage Increase/Decrease.

**Income Statement of Drishti Pvt. Ltd.**

Particulars	2023 (₹)	2024 (₹)
Sales	20,00,000	24,00,000
Cost of Goods Sold (COGS)	12,40,000	14,40,000
Gross Profit	7,20,000	9,60,000
Administrative Expenses	1,40,000	1,60,000
Selling & Distribution Expenses	1,00,000	1,20,000
Operating Expenses (Total)	2,40,000	2,80,000
Interest Expense	40,000	60,000
Net Profit Before Tax	4,80,000	6,20,000

(B.) From the following information of Garvit Pvt. Ltd., calculate the Current Ratio and Quick Ratio.

Particulars	Amount (₹)
Cash & Bank Balance	1,60,000
Trade Receivables	2,40,000
Inventory	3,00,000
Outstanding Expenses	80,000
Prepaid Expenses	40,000
Marketable Securities	80,000
Trade Payables	3,20,000