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BCMCMC 365

Credit Based VI Semester B.Com. Degree Examination, April/May 2018
(2016-17 Batch Onwards)

COST AND MANAGEMENT ACCOUNTING – IV

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes wherever necessary.

SECTION – A

Answer **any four** questions.

(4×6=24)

1. Define marginal costing. What are its advantages ?
2. Write a note on cash flow statement.
3. Calculate funds from operation from the following Profit and Loss A/c of Ramdev Ltd.

Profit and Loss A/c

₹		₹	
To Salaries	10,000	By Gross profit	2,00,000
To Rent	3,000	By Profit on sale of	
To Commission	2,000	machine	5,000
To Discount	1,000	By Refund of tax	3,000
To RBD	10,000	By Dividends received	2,000
To Transfer to reserve	10,000		
To Depreciation	14,000		
To Provision for Tax	10,000		
To Loss on sale of investments	5,000		
To Discount on issue of debentures	2,000		
To N/P	1,43,000		
	2,10,000		2,10,000

P.T.O.



4. From the following particulars, find out the selling price per unit if BEP is to be brought down to 9000 units :

	₹
Variable cost per unit	75
Fixed expenses	2,70,000
Selling price per unit	100

5. Write a note on sales budget and production budget.

6. From the following information, find out labour rate variance, labour cost variance, labour efficiency variance.

Standard

Output 1000 units
 Rate of payment ₹ 6 per unit
 Time taken 50 hrs.

Actual

Output 1200 units
 Wages paid ₹ 8,000
 Hours worked 40 hrs.

SECTION – B

Answer **any four** questions.

(4×12=48)

7. What are the advantages and limitations of standard costing ?
8. What is a cash flow statement ? Explain the sources and uses of cash with reference to operating, financing and investing activities.
9. The following are the summaries of the Balance Sheet of a company as on 31-3-2016 and 31-3-2017.

Liabilities	2016	2017
Share capital	1,80,000	1,80,000
Profit and Loss A/c	16,000	23,000
Reserves	60,000	50,000
Depreciation fund	40,000	44,000
5% Debentures	90,000	70,000
Outstanding expenses	13,000	22,000
Sundry creditors	1,03,000	96,000
	5,02,000	4,85,000

Assets

Machinery	72,000	80,000
Building	1,00,000	1,00,000
Stock	92,000	1,06,000
Prepaid expenses	1,000	2,000
Short term investments	1,10,000	84,000
Debtors	77,000	73,000
Cash at Bank	50,000	40,000
	5,02,000	4,85,000

You are required to prepare a statement showing changes in working capital.

10. From the following particulars compute :

- a) Cost variance
- b) Usage variance
- c) Price variance
- d) Yield variance.

Standard :

Materials for 70 kg of finished product – 100 kg, price of materials ₹ 1 per kg.

Actual :

Output – 2,10,000 kg ; materials used 2,80,000 kg.

Cost of materials ₹ 2,52,000.

1. The sales turnover and profits of Major Ltd., during the two years 2016 and 2017 were as follows :

Year	Sales(₹)	Profit (₹)
2016	4,50,000	60,000
2017	5,10,000	75,000



You are required to calculate :

- a) P/V ratio
- b) Fixed cost
- c) Break even point
- d) Margin of safety 2016
- e) Sales required to earn a profit of ₹ 1,20,000
- f) Variable cost 2017.

12. Ranjan Ltd. had a profit of ₹ 17,50,000 for the year ended 31-3-2017 after considering the following :

	₹
Depreciation on building	1,30,000
Depreciation on plant and machinery	40,000
Goodwill written off	25,000
Loss on sale of machinery	9,000

Following was the position of current assets and current liabilities of the company as on 31-3-2016 and 31-3-2017.

	2016	2017
Stock	70,000	87,000
Bills receivable	67,000	58,000
Cash	60,000	75,000
Creditors	68,000	77,000
Outstanding salary	7,000	4,000
Bills payable	43,000	29,000

Calculate the cash flow from operating activation.



SECTION – C

Answer any 2 questions.

(2x24=48)

13. The following are the summarised Balance Sheet of Supreme Ltd. as on 31-3-16 and 31-3-2017.

Assets	2016	2017
Fixed assets	4,00,000	3,20,000
Investments	50,000	60,000
Stock	2,40,000	2,10,000
Debtors	2,10,000	4,55,000
Bank	1,49,000	1,97,000
	10,49,000	12,42,000
Liabilities	2016	2017
Share capital	4,50,000	4,50,000
Reserve	3,00,000	3,10,000
P/L A/c	56,000	68,000
Creditors	1,68,000	1,34,000
Taxation provision	75,000	10,000
Mortgage loan		2,70,000
	10,49,000	12,42,000

Additional information :

- a) Investment costing ₹ 8,000 were sold during the year for ₹ 8,500.
- b) Provision for tax made during the year was ₹ 9,000.
- c) During the year part of the fixed assets costing ₹ 10,000 sold for ₹ 12,000. The profit was included in the Profit/Loss A/c.
- d) Dividend paid during the year amounted to ₹ 40,000.

You are required to prepare a statement of source and uses of cash.

14. Moon Ltd. manufactures 2 products X and Y, and estimated number of units expected to be sold in the first seven months of 2017 are given below.

Product	Jan.	Feb.	March	April	May	June	July
X	500	600	800	1,000	1,200	1,200	1,000
Y	1,400	1,400	1,200	1,000	800	800	900

Finished units equal to half the anticipated sales for the next month will be in stock at the end of each month including Dec. 2016.



Details	Product X	Product Y
Production (units)	11000	12000
Direct materials (per unit)	₹ 12	₹ 19
Direct wages (per unit)	₹ 5	₹ 9
Total manufacturing charges (Based on units produced)	₹ 33,000	₹ 48,000

Prepare :

- Production budget showing the number of units to be manufactured each month and
- A production cost budget for 6 months ending on 30-6-2017.

15. The following is the Balance Sheet of Sharan Ltd.

Liabilities	2016	2017
Equity share capital	3,00,000	4,00,000
Capital redemption reserve	-	1,00,000
10% preference share capital	2,00,000	-
Reserve fund	2,00,000	1,20,000
Share premium	30,000	30,000
P/L A/c	1,20,000	1,80,000
12% Debentures	2,00,000	3,00,000
Creditors	80,000	1,40,000
	11,30,000	12,70,000
Assets	2016	2017
Building	2,50,000	30,000
Machinery	3,00,000	3,20,000
Furniture	20,000	18,000
Investments	1,00,000	1,50,000
Stock	3,00,000	2,50,000
Debtors	1,40,000	2,00,000
Cash at Bank	20,000	32,000
	11,30,000	12,70,000



The following transactions took place during the year 2017.

- a) Preference shares were redeemed at 10% premium.
- b) ₹ 20,000 were transferred to reserve fund from Profit and Loss A/c.
- c) Investments (Book value ₹ 40,000) were sold for ₹ 70,000.
- d) Depreciation provided on building, machinery and furniture were ₹ 20,000, ₹ 30,000, ₹ 2,000 respectively.
- e) Dividends paid ₹ 50,000 and income tax paid ₹ 45,000.

Prepare fund flow statement and a statement showing changes in working capital along with relevant Ledger A/cs.

16. The standard labour mix for producing 100 units of a product is

4 skilled men at 3 per hour for 20 hrs.

6 unskilled men ₹ 2 per hr. for 20 hrs.

But due to shortage of skilled men more unskilled men were employed to produce 100 units. Actual hours paid for were

2 skilled men at ₹ 4 per hr. for 25 hours

10 unskilled men at ₹ 2.5 per hour for 25 hours.

Compute :

- 1) Labour cost variance
 - 2) Labour rate variance
 - 3) Labour efficiency variance
 - 4) Labour yield variance
 - 5) Labour mix variance.
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