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BCMCMC 365

VI Semester B.Com. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2016-17 batch onwards)

COMMERCE

Paper IV — Cost and Management Accounting

Time : 3 Hours]

[Max. Marks : 120

Instructions : Provide working notes wherever necessary.

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SECTION - A

Answer **any four** questions :

(4 × 6 = 24)

1. What is a cash flow statement? Give classification of cash flows as per Accounting Standard - 3 (Revised).
2. Define Marginal Costing. How would you treat variable cost and Fixed cost in Marginal Costing.
3. Explain the objectives of Budgetary Control.
4. Calculate funds from operations from the following profit and loss account of M/S Akash and Co.

Profit and Loss Account			
	Amount		Amount
	₹		₹
To Salaries	20,000	By Gross profit	4,00,000
To Rent	6,000	By Profit on sale of	
To Commission	4,000	machine	10,000
To Discount allowed	2,000	By Refund of tax	6,000
To Provision for		By dividend received	4,000
depreciation	28,000		
To Transfer to reserve	40,000		
To Provision for taxation	20,000		



	Amount ₹	Amount ₹
To Loss on sale of investment	10,000	
To Discount on issue of debenture	4,000	
To Preliminary expenses	6,000	
To Selling expenses	40,000	
To Net profit	<u>2,40,000</u>	
	<u>4,20,000</u>	<u>4,20,000</u>

5. X company manufactures and sells 60,000 units of a product at a variable cost of ₹ 42 each. The fixed costs are ₹ 1,80,000. The selling price is fixed to make a profit of 25% on sales. You are required to calculate :

- (a) Contribution
- (b) P/V ratio
- (c) Break-even-point units and
- (d) Break-even-sales

6. The standard cost Card reveals the following information :

Standard labour rate : ₹ 50 per hour

Standard hours required per unit : 10 hours

Actual data are given below :

Units produced : 500

Actual hours worked : 6000

Actual labour cost : ₹ 2,40,000

Calculate :

- (a) Labour cost variance
- (b) Labour rate variance
- (c) Labour efficiency variance



SECTION - B

Answer **any four** questions :

(4 × 12 = 48)

7. Discuss the advantages and disadvantages of Standard Costing.
8. Explain the concept of Break-Even-Point and Cost-Volume-Profit (CVP) relationship.
9. Anup Ltd made a profit of ₹ 1,85,000 after considering the following :
- (a) Depreciation on fixed assets ₹ 5,000
 - (b) Profit on sale of building ₹ 10,000
 - (c) Loss on sale of machinery ₹ 4,000
 - (d) Taxation provision ₹ 30,000
 - (e) Transfer to reserve ₹ 10,000
 - (f) Amortisation of fictitious asset ₹ 2,000

The other details of the year are as under :

Details	As on 31.3.16 (₹)	As on 31.3.17 (₹)
Debtors	18,000	17,000
Creditors	12,000	9,000
Bills Receivables	7,000	4,000
Bills Payables	3,000	4,000
Bank A/c	1,000	1,500

Calculate the Operating Cash Profit and Cash flow from operations.

10. Prepare a Production Budget for each month and a summarized Production Cost Budget for the six months period ending 30th June 2018, from the following data relating to product "Agni" :

- (a) The units to be sold for different months are as follows :

2018	
January	2200
February	2200
March	3400
April	3800
May	5000
June	4600
July	4000



- (b) There will be no work in progress at the end of each month.
- (c) Finished units equal to half of the sales for the next month will be in stock at the end of each month (including December 2017)
- (d) Budgeted production and production cost for the year ending June 2018 are as follows :

Production (units) 22000

Direct material per unit Rs. 10.00

Direct wages per unit Rs. 4.00

Total Factory overhead (apportioned to product) Rs. 88,000.

11. From the following summarized balance sheets of a company as on 31st March 2017 and 2018. Prepare a Schedule of changes in working capital.

Liabilities	2017 ₹	2018 ₹	Assets	2017 ₹	2018 ₹
Share capital	80,000	1,00,000	Land and		
General reserve	20,000	24,000	Building	80,000	76,000
Profit and			Plant and		
Loss a/c	12,200	12,240	machinery	60,000	67,600
Bank loan			Stock	40,000	29,600
(short term)	28,000	-	Debtors	32,000	25,680
Creditors	60,000	54,080	Cash	200	240
Provision for,			Bank	-	3,200
Profit and Taxation			Goodwill	-	2,000
(current liability)	12,000	14,000			
	<u>2,12,200</u>	<u>2,04,320</u>		<u>2,12,200</u>	<u>2,04,320</u>

12. Calculate labour cost variance, labour rate variance and labour efficiency variance for department A and B.

Particulars	Department A	Department B
Actual direct wages	₹ 20,000	₹ 18,000
Standard hours	800	600
Standard rate per hour	₹ 30	₹ 35
Actual hours worked	820	580



SECTION - C

Answer **any two** questions :

(2 × 24 = 48)

13. The following information is available from the books of Vivek Ltd., which uses three types of materials for production.

Particulars	Standard			Actual		
	Qty (kg)	Price (₹)	Total ₹	Qty (kg)	Price ₹	Total
Material x	5,000	6.00	30,000	4,000	6.00	24,000
y	4,000	3.75	15,000	5,000	3.60	18,000
z	3,000	3.00	9,000	4,000	2.80	11,200
Total	12,000		54,000	13,000		53,200
Less : normal Loss (10%)	1,200			2,200		
Total	10,800		54,000	10,800		53,200

Calculate material cost variance, price variance, usage variance, mix variance and yield variance.

14. From the following particulars prepare (a) Funds flow statement
(b) A statement of changes in working capital.

Liabilities	31.12.2017 ₹	31.12.2018 ₹
Equity capital	3,00,000	3,50,000
Preference capital	2,00,000	1,00,000
Debentures	1,00,000	2,00,000
Reserves	1,10,000	2,70,000
Provision for doubtful debts	10,000	15,000
Current liabilities	70,000	1,45,000
	7,90,000	10,80,000
Assets		
Fixed assets (net)	5,10,000	6,20,000
Investments	30,000	80,000
Current assets	2,40,000	3,75,000
Discount on debentures	10,000	5,000
	7,90,000	10,80,000



Additional information :

- (a) A machine costing ₹ 70,000 (Book value ₹ 40,000) was sold for ₹ 25,000
- (b) Preference shares were redeemed at a premium of 5%
- (c) Dividend at 15% was paid on equity shares for the year 2017
- (d) Provision for depreciation was ₹ 1,50,000 on 31st December 2017 and ₹ 1,90,000 on 31st December 2018
- (e) Stock which was valued at ₹ 90,000 on 31st December 2017 was written up to its cost ₹ 1,00,000 for preparing the profit and loss account for 2018.

15. Following are the summarized balance sheets of Supreme Ltd. as on 31st March 2017 and 2018.

Liabilities	31.12.2017 ₹	31.12.2018 ₹
Share capital	4,50,000	4,50,000
Reserves	3,00,000	3,10,000
Profit and Loss a/c	56,000	68,000
Mortgage loan	-	2,70,000
Taxation provision	75,000	10,000
Creditors	1,68,000	1,34,000
	10,49,000	12,42,000
Assets	31.3.2017 ₹	31.3.2018 ₹
Fixed assets	4,00,000	3,20,000
Long Term investments	50,000	60,000
Stock	2,40,000	2,10,000
Debtors	2,10,000	4,55,000
Cash at bank	1,49,000	1,97,000
	10,49,000	12,42,000

Additional information :

- (a) Investments costing ₹ 8,000 were sold during the year 2017-18 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 was sold for ₹ 12,000. The profit was included in profit and loss account
 - (d) Dividend paid during the year amounted to ₹ 40,000.
- You are required to prepare a cash flow statement.



16. ABC Company furnished the following information of its cost and profit for the year 2017 and 2018.

Year	Cost ₹	Profit ₹
2017	12,00,000	2,00,000
2018	15,00,000	3,00,000

Compute the following :

- (a) P/V ratio
- (b) Fixed Expenses
- (c) Variable expenses for 2017 and 2018
- (d) Margin of safety for 2017 and 2018
- (e) Most likely profit when sales are Rs. 20,00,000
- (f) Break-Even Point
- (g) Estimated sales when the desired profit is Rs. 2,50,000
- (h) Sales for a variable cost of Rs. 8,28,000 when P/V ratio is increased to 40%.

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