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BCMCMC 365

**Credit Based VI Semester B.Com. Examination, September/October 2020
(Common to all Batches)**

COMMERCE

Cost and Management Accounting – IV

Time : 3 Hours

Max. Marks : 120

SECTION – A

Answer **any four** questions :

(4×6=24)

1. Define marginal costing and explain its main features.
2. What is variance ? Explain the significance of variance analysis.
3. What is a Fund Flow Statement ? Write any 4 uses of Fund Flow Statement.
4. From the following details find out BEP.

Variable cost per unit Rs. 30. Total fixed cost Rs. 1,08,000. Selling price per unit Rs. 40. What would be the selling price per unit if BEP should be brought down to 6000 units ?

5. The following particulars are supplied to you from the records of GR Company. Prepare a production budget for the year ending on 31 March 2019.

Product	Sales (units) as per sales budget	Estimated Stock	
		as on 1 April 2018	as on 31 March 2019
X	92,000	3,000	4,000
Y	70,000	1,000	2,000
Z	40,000	2,500	2,500

P.T.O.



6. A manufacturing concern, which has adopted standard costing, furnished the following information :

Standard :

- 1) Material for 70 kg finished products : 100 kg.
- 2) Price of materials : Re. 1 per kg.

Actual :

- 1) Output : 2,10,000 kgs
- 2) Materials used : 2,80,000 kg.
- 3) Cost of materials : Rs. 2,52,000

Calculate :

- 1) Material Cost Variance
- 2) Material Price Variance
- 3) Material Usage Variance.

SECTION – B

Answer **any four** questions :

(4x12=48)

- 7. Define Budget and Budgetary control. Explain types of budgets.
- 8. You are given the following data :

Year	Sales (Rs.)	Profit (Rs.)
2017	4,50,000	60,000
2018	5,10,000	75,000

You are required to calculate :

- a) P.V. Ratio
- b) BEP
- c) Profit when sales are Rs. 1,80,000
- d) Margin of safety in the year 2018

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9. From the following information calculate Cash Flow from operations.

I) Balance as on	31 December 2018	31 December 2019
	(Rs.)	(Rs.)
Stock	49,500	38,500
Debtors	93,500	82,500
Bills payable	27,500	33,000
Creditors	60,500	41,250
Rent outstanding	16,500	5,500
Insurance prepaid	5,500	8,250
Cash and Bank	30,000	55,000

II) **Additional information :**

Provision for bad debts	8,250
Transfer to reserve	60,500
Depreciation : Building	16,500
Plant	5,500
Provision for taxation	1,54,000
Profit on sale of plant	16,500
Loss on sale of building	33,000
Preliminary expenses written off	16,500
Net profit for the year	9,79,000

10. The following are the summarised Balance Sheets of Sanjana Ltd. as at 31 December 2018 and 2019.

Liabilities	2018	2019
Capital :		
Equity shares	1,00,000	1,00,000
Preference shares	—	50,000



	2018	2019
General reserve	30,000	40,000
Profit and Loss A/c	25,000	70,000
Creditors	20,000	10,000
Bills payable	-	2,000
Overdraft	3,000	-
Taxation provision	7,000	12,000
Proposed dividend	10,000	16,000
Assets	1,95,000	3,00,000
Fixed assets	95,000	1,20,000
Investments (long term)	-	10,000
Stock	40,000	60,000
Debtors	20,000	40,000
Bills receivable	5,000	2,000
Prepaid expenses	5,000	18,000
Cash	20,000	10,000
Advances	10,000	40,000
	1,95,000	3,00,000

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

11. From the following data compute the Material Cost Variances.

Material	Standard		Actual	
	Qty. (Units)	Price (Rs.)	Qty. (Units)	Price (Rs.)
X	3,500	10	3,700	12
Y	1,500	21	1,650	20
Z	1,000	33	1,250	36
Total	6,000		6,600	



12. Mangalore Ltd. manufactures product X. An estimate of number of units expected to be sold in the first seven months of 2019 is given below :

Product	January	February	March	April	May	June	July
X :	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 December 2018).

The budgeted production and production cost for 2019 are as follows :

Product X	
Production (units)	12000
Direct material per unit	19
Direct wages per unit	7
Manufacturing charges (based on units produced)	48,000

Prepare :

- A production budget showing the number of units to be manufactured each month
- A production cost budget for six months ending on 30 June 2019.

SECTION – C

Answer **any two** questions :

(2×24=48)

13. The following are the summarised Balance Sheets of a company as on 31st December 2018 and 2019.

Liabilities	2018 (Rs.)	2019 (Rs.)
Share capital	2,00,000	2,50,000
General reserve	50,000	60,000
Profit and Loss A/c	30,500	30,600
Mortgage loan (long term)	70,000	—
Sundry creditors	1,50,000	1,35,200
Provision for tax	30,000	35,000
	5,30,500	5,10,800



Assets	2018	2019
Land and building	2,00,000	1,90,000
Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry debtors	80,000	64,200
Cash	500	600
Bank	-	8,000
Goodwill	-	5,000
	5,30,500	5,10,800

Additional information :

During the year ended 2019

- 1) Dividend of Rs. 23,000 was paid.
 - 2) Assets of another company was purchased for a consideration of Rs. 50,000 payable in shares.
- The following assets were purchased : Stock Rs. 20,000, Machinery Rs. 25,000.
- 3) Machinery was purchased for Rs. 8,000.
 - 4) Depreciation written off on machinery Rs. 12,000.
 - 5) Income tax provided during the year Rs. 33,000.
 - 6) Loss on sale of machinery Rs. 200 was written off to general reserve.

You are required to prepare the Cash Flow Statement.

Show the workings clearly.

14. The Balance Sheets of a company as on 31st December 2018 and 2019 are as follows :

Liabilities		
	2018	2019
Share capital		
Retained earnings	2,00,000	2,50,000
Securities premium	1,60,000	3,00,000
Accumulated depreciation	—	5,000
Debentures	80,000	60,000
Account payable	60,000	—
	37,800	40,200
	5,37,800	6,55,200
Assets		
	2018	2019
Fixed assets		
Stock	3,50,000	4,75,000
Account receivable	1,00,000	95,000
Prepaid expenses	43,000	50,000
Cash	4,000	5,000
Commission on shares	15,800	10,200
	25,000	20,000
	5,37,800	6,55,200

Additional information :

- 1) Net income for the year Rs. 1,50,000
- 2) An addition to the fixed asset was made during the year at a cost of Rs. 1,65,000 and fully depreciated machinery costing Rs. 40,000 was discarded, no salvage being realised.
- 3) Depreciation for the year Rs. 20,000.
- 4) Income tax paid was Rs. 40,000.
- 5) Interim dividend paid during the year Rs. 20,000.

You are required to prepare

- 1) a statement of changes in working capital and
- 2) a statement of sources and application of funds.



15. Standard labour hours and rate of production of 1 Article A are given below :

	Hours	Rate per Hour (Rs.)	Total (Rs.)
Skilled workers	5	1.50	7.50
Unskilled workers	8	0.50	4.00
Semi-skilled workers	4	0.75	3.00
			14.50

Actual data :

Articles produced : 1000 units

	Hours	Rate per hour (Rs.)	Total (Rs.)
Skilled workers	4500	2	9,000
Unskilled workers	10000	0.45	4,500
Semi-skilled workers	4200	0.75	3,150
			16,650

Calculate :

- 1) Labour Cost Variance.
- 2) Labour Rate Variance
- 3) Labour Efficiency Variance
- 4) Labour Mix Variance
- 5) Labour Yield Variance

16. Define "Standard Costing" and "Standard Cost". Explain the advantages and disadvantages of standard costing.