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BCMCMC 365

**Credit Based VI Semester B.Com. Degree Examination,
September/October 2021
(Common to all Batches)**

COST AND MANAGEMENT ACCOUNTING – IV

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes *wherever necessary*.

SECTION – A

Answer **any four** questions.

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1. Explain different concepts of Fund.
2. Write a note on break-even point.
3. Define standard cost and standard costing.
4. You are given the following information :
Selling price Rs. 350 Per Unit
Variable cost Rs. 200 Per Unit
Fixed cost Rs. 16,50,000
Ascertain 1) Contribution
2) BEP
3) P/V Ratio.
5. The Sun India Ltd. has budgeted sales of 50000 units of certain products for the year 2020. Expected unit cost based on the past experience be ;
Direct material Rs. 3.00
Direct labour cost Rs. 2.00
Manufacturing overhead Rs. 1.50
The company begins the year with 20,000 units (finished goods) in hand and ends with 5000 units (finished goods)
Prepare production cost budget.

P.T.O.



6. Find out fund from operations from the following :

Particulars	Rs.
Salaries	5,000
Closing balance of P/L A/C	60,000
Depreciation	5,000
Loss on sale of plant	4,000
Opening balance of P/L A/C	25,000
Transfer to general reserve	1,000
Dividend received	5,000
Refund of Income Tax	3,000
Profit on sale of Building	5,000
Discount on issue of debentures	2,000
Rent paid	8,000
Proposed dividend	6,000
Preliminary expenses	3,000

SECTION – B

Answer **any four** of the following :

(4×12=48)

- Define Marginal Costing. Distinguish between Marginal Costing and Absorption Costing.
- Explain the various steps involved in Standard Costing.
- The following are the summarised Balance Sheets of Karan Metals Ltd. as on 31st Dec. 2019 and 2020.

Liabilities	2019 Rs.	2020 Rs.	Assets	2019 Rs.	2020 Rs.
Equity Shares	30,000	40,000	Machinery	30,000	27,000
Profit & Loss A/C	14,000	16,000	Furniture	8,000	10,000



Current Liabilities			Current Assets		
Creditors	16,000	18,000	Stock	18,000	16,000
Bills payable	12,000	8,500	Debtors	16,000	26,000
Provision for Tax (CL)	8,000	11,500	Prepaid expenses	1,500	4,000
Provision for Dividend (CL)	6,000	4,000	Bank A/C	12,500	15,000
	86,000	98,000		86,000	98,000

You are required to prepare :

A statement showing the changes in the working capital.

10. From the following prepare production Budget for six months ending 30-6-2020.

I) The units to be sold for different months :

2020	Jan.	1,08,000
"	Feb.	1,20,000
"	Mar.	1,32,000
"	Apr.	1,56,000
"	May	1,38,000
"	June	1,50,000
"	July	1,80,000

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- II) The stock on 1st Jan. 2020 estimated to be 18000 units.
- III) There will be no work in progress at the end of any month.
- IV) Finished units equal to one-sixth of the sales for next month will be in Stock at the end of each month.



11. From the following information calculate cash from operation.

I) Balance as on	31-12-2019	31-12-2020
Stock	49,500	38,500
Debtors	93,500	82,500
B/P	27,500	33,000
Creditors	60,500	41,250
Rent outstanding	16,500	5,500
Insurance Prepaid	5,500	8,250

II) Additional information :

	Rs.
Provision for bad debts	8,250
Transfer to general reserve	60,500
Depreciation on building	16,500
Depreciation on 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

12. Coates India Ltd. manufactures a particular product, the standard direct labour cost per unit is as follows :

Grade of workers	Hours	Rate Rs.	Amount Rs.
A	30	2	60
B	20	3	60
	50		120

During a period, 100 units of the product were produced, the actual labour cost of which was as follows :

Grade of workers	Hours	Rate Rs.	Amount Rs.
A	3,200	1.50	4,800
B	1,900	4.00	7,600
	5,100		12,400

- Calculate :
- Labour Cost Variance
 - Labour Rate Variance
 - Labour Efficiency Variance.



SECTION – C

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Answer **any two** of the following :

(2x24=48)

13. From the following Balance Sheet of Soorya Ltd. Prepare cash flow statement for the year ending 31-03-2021 together with relevant ledger accounts.

Assets	31-03-2020	31-03-2021
	Rs.	Rs.
Goodwill	1,15,000	90,000
Land and Buildings	2,00,000	1,70,000
Machinery	80,000	2,00,000
Stock	77,000	1,09,000
Bills Receivable	20,000	30,000
Debtors	1,60,000	2,00,000
Bank	25,000	18,000
	6,77,000	8,17,000

Liabilities	31-03-2020	31-03-2021
	Rs.	Rs.
Equity share capital	4,50,000	5,00,000
Profit & Loss A/C	70,000	1,18,000
Creditors	97,000	1,33,000
Bills payable	20,000	16,000
Taxation provision	40,000	50,000
	6,77,000	8,17,000

Additional information :

- a) Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on machinery and Land and Buildings respectively.
- b) An interim dividend of Rs. 20,000 have been paid during the current accounting year.
- c) Rs. 35,000 income tax paid during the year.



14. The standard mix to produce one unit of product is as follows :

Material A	60 units @ Rs. 15 per units =	900
Material B	80 units @ Rs. 20 per units =	1,600
Material C	100 units @ Rs. 20 per units =	2,500
Total	240 units	Rs. 5,000

During the month of July, 10 units were actually produced and consumption was as follows :

Material A	640 units @ Rs. 17.50 per units =	11,200
Material B	950 units @ Rs. 18.00 per units =	17,100
Material C	870 units @ Rs. 27.50 per units =	23,925
Total	2460 units	Rs. 52,225

Calculate all material variances.

15. XYZ company furnishes the following information of its cost and profit for the year 2019 and 2020.

Year	Cost Rs.	Profit Rs.
2019	12,00,000	2,00,000
2020	15,00,000	3,00,000

Calculate the following :

- a) P/V ratio
- b) Fixed cost
- c) Variable cost
- d) Margin of safety for 2019 and 2020
- 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%.



16. The Balance Sheets of AXY Co. Ltd. for the year 2019 and 2020 are as follows :

Liabilities	2019 Rs.	2020 Rs.	Assets	2019 Rs.	2020 Rs.
Share capital	2,00,000	2,50,000	Fixed Assets	3,50,000	4,75,000
Retained earnings	1,60,000	3,00,000	Stock	1,00,000	95,000
Share Premium	—	5,000	Account Receivables	43,000	50,000
Accumulated depreciation	80,000	60,000	Prepaid expenses	4,000	5,000
Debentures Account Payable	60,000	—	Cash	15,800	10,200
	37,800	40,200	Commission on shares	25,000	20,000
	5,37,800	6,55,200		5,37,800	6,55,200

Additional information :

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- i) Net income for the year Rs. 1,40,000
- ii) An addition to 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 realized.
- iii) Depreciation for the year Rs. 20,000
- iv) Income tax paid was Rs. 40,000
- v) Interim dividend paid during the year Rs. 20,000

Prepare :

- a) A statement of changes in working capital.
 - b) A statement of Sources and Application of Fund.
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