Reg. No. [ ]

BCMCMC 384

Choice Based Credit System VI Semester B.Com. Degree Examination, September 2022
(2021 – 22 Batch Onwards)
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 features.

2. Define Standard Costing and Standard Cost.

3. Write a note on Purchase Budget and Sales Budget.

4. Calculate cash from operating activities from the following :

	31st March 2020	31st March 2021
Profit and Loss A/c	60,000	65,000
Debtors	85,000	48,000
Bills Receivable	40,000	81,000
General Reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries prepaid	8,000	10,000
Goodwill	70,000	60,000

5. 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 = Rs. 75

   Fixed expenses = Rs. 2,75,000

   Selling price per unit = Rs. 100

P.T.O.

6. The standard cost card shows the following details relating to material needed to produce 1 kg of groundnut oil :

   Quantity of groundnut required – 3 kg

   Price of groundnut – Rs. 2.50 per kg

   Actual production data :

   Production during month – 1,000 kg

   Quantity of material used – 3,500 kg

   Price of groundnut – Rs. 3 per kg

   Calculate :

   a) Material Cost Variance

   b) Material Price Variance

   c) Material Usage Variance.

SECTION – B

Answer **any four** of the following. **(4×12=48)**

7. Explain the various advantages and disadvantages of standard costing.

8. 100 grade A workers, 40 grade B workers and 60 grade C workers were to work for 30 hours to get an engineering job completed. The standard hourly wages were Rs. 60, Rs. 36 and Rs. 24 respectively.

   The job was completed in 32 hours by 80 grade 'A' workers, 50 grade 'B' workers and 70 grade 'C' workers who were paid Rs. 65, Rs. 40 and Rs. 20 respectively as hourly wages.

   Find out labour cost variance, labour rate variance, labour efficiency variance and labour mix variance.

9. Prepare a cash flow statement on the basis of the information given in the Balance sheets on Sanjana Ltd.

Liabilities	**2020 (Rs.)**	**2021 (Rs.)**
Share capital	2,00,000	2,50,000
12% debentures	1,00,000	80,000
General reserve	50,000	70,000

Creditors	40,000	60,000
Bills payable	20,000	1,00,000
Outstanding expenses	25,000	20,000
	4,35,000	**5,80,000**
Assets	**2020 (Rs.)**	**2021 (Rs.)**
Goodwill	10,000	2,000
Land and Building	2,00,000	1,80,000
Machinery	1,00,000	1,30,000
Debtors	40,000	1,60,000
Stock	70,000	90,000
Cash	15,000	18,000
	4,35,000	**5,80,000**

10. In a factory producing two products, the limiting factor is the availability of Material.

From the following particulars, decide the product you would recommend for priority.

	Product X Cost per unit (Rs.)	**Product Y Cost per unit (Rs.)**
Material	25	40
Labour	10	15
Variable overheads	05	05
Fixed Expenses	04	04
Total cost	44	64
Selling price	55	80
Profit	11	16

Each unit of Product X consumes 3 units and product Y consumes 5 units of raw-material.

11. For production of 10,000 units, the following are the Budgeted expenses.

	Per Unit (Rs.)
Direct material	60
Direct labour	30
Variable factory overheads	05
Fixed factory overhead (Rs. 1,50,000)	15
Office expenses (Fixed for all levels Rs. 50,000)	5
Variable selling expenses	15

Prepare a budget for production of 6,000 and 8,000 units.

12. Explain the advantages and limitations of Marginal Costing.

SECTION – C

Answer **any two** of the following. **(2×24=48)**

13. Following figures relate to a company manufacturing a varied range of product.

Year	Sales (Rs.)	Profit (Rs.)
2020	1,50,000	4,000
2021	1,90,000	11,500

Calculate :

a) P/V Ratio

b) Fixed cost

c) Profit for a sale of Rs. 1,20,000

d) Sales required to earn a profit of Rs. 20,000

e) Margin of safety in 2020 and 2021

f) Variable cost in 2020 and 2021

g) Break even sales.

14. The following Balance Sheet of Dr. Reddy Ltd.

Liabilities	2020 (Rs.)	2021 (Rs.)
Equity share capital	3,00,000	4,00,000
Redeemable pref. share capital	1,50,000	1,00,000
General reserve	40,000	70,000
Profit and Loss A/c	30,000	48,000
Proposed dividend	42,000	50,000
Creditors	55,000	83,000
Bills payable	20,000	16,000
Provision for taxation	40,000	50,000
	6,77,000	**8,17,000**

Assets	2020 (Rs.)	2021 (Rs.)
Goodwill	1,15,000	90,000
Land and Building	2,00,000	1,70,000
Plant	80,000	2,00,000
Debtors	1,60,000	2,00,000
Stock	77,000	1,09,000
Bills receivable	20,000	30,000
Cash in hand	15,000	10,000
Cash at bank	10,000	8,000
	6,77,000	**8,17,000**

It is also given that

a) Depreciation of Rs. 20,000 on land and building and Rs. 10,000 on plant has been charged in 2021.

b) Interim dividend of Rs. 20,000 has been paid in 2021.

c) Income Tax Rs. 35,000 has been paid during 2021.

Prepare cash flow statement for the year 2021.

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

Material A	60 units at Rs. 15 per unit =	900
Material B	80 units at Rs. 20 per unit =	1,600
Material C	100 units at Rs. 25 per unit =	2,500
	240 units	**5,000**

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

Material A	640 units at Rs. 17.50 per unit =	11,200
Material B	950 units at Rs. 18.00 per unit =	17,100
Material C	870 units at Rs. 27.50 per unit =	23,925
	2,460 units	**52,225**

Calculate all material variances.

16. Puneeth Ltd. Manufactures two products A and B. A forecast of the number of units to be sold in the first seven months of a year is given.

	Product A	**Product B**
January	1,000	2,800
February	1,200	2,800
March	1,600	2,400
April	2,000	2,000
May	2,400	2,600
June	2,400	1,600
July	2,000	1,800

It is anticipated that :

a) There will be no work-in-progress at the end of any month.

b) Finished units equal to half the sales for the next month will be stock at the end of each month (including December of the previous year)

Budgeted production and production costs for the year ending 31st December are as follows :

	Product A	Product B
Production (Units)	22,000	24,000
Direct Material cost per unit	12.50 Rs.	15.00 Rs.
Direct wages per unit	4.50 Rs.	7.00 Rs.
Total factory overhead apportioned to each product	66,000	96,000

Prepare for the six months period ending 30th June of the year a production budget for each month and a summarised production cost budget for the year.