Reg. No. | | | | | | | | | | | | |

BCMCMC 384

Choice Based Credit System VI Semester B.Com. Degree Examination, July/August 2023
(2021 – 22 Batch Onwards)
COST AND MANAGEMENT ACCOUNTING – IV

Time : 3 Hours Max. Marks : 120

SECTION – A

I. Answer **any four** questions. **(6×4=24)**

1) Define Marginal Costing and what are its limitations ?

2) What is variance ? Explain the significance of variance analysis.

3) From the following data, calculate how many units are to be sold to earn a net income of 15% on sales

– Selling price per unit ₹ 40

– Variable manufacturing cost ₹ 22/unit

– Variable selling cost per unit ₹ 3

– Fixed factory O.H. ₹ 1,60,000

– Fixed selling cost ₹ 20,000

4) Define standard costing. State any two standards.

5) From the following calculate price variance, usage variance and cost variance.

– Standard material 4000 units

– Standard price ₹ 5 per unit

– Actual materials consumed – 4,300 units

– Actual price per unit – 5.50

P.T.O.

6) Company funds that it cost ₹ 6.25 to make each components of "X", the same is available in the market at the rate of ₹ 4.85 each, with an assurance of continued supply. The details of cost is :

Material ₹ 2.75 each

Labour ₹ 1.75 each

Variable expenses ₹ 0.50 each

Fixed cost ₹ 1.25 each

Should you make or buy ?

SECTION – B

II. Answer **any four** questions. **(12×4=48)**

7) Calculate the operating cash profit and cash flow from operations.

Particulars	**31.3.2022** ₹	**31.3.2023** ₹
P/L Account	14,000	29,000
Prepaid expenses	2,500	3,000
Bills receivable	11,000	15,600
Debtors	25,000	34,000
Stock	19,000	22,000
Outstanding expense	6,400	9,000
Bills payable	7,200	4,500
Creditors	8,500	11,500

Other information :

a) Depreciation on fixed assets ₹ 7,000

b) Loss on sale of machinery ₹ 6,000

c) Profit on sale of building ₹ 12,000

8) The following information is supplied to you :

	Rs.
Fixed cost (total)	4,500
Variable cost (total)	7,500
Sales (total)	15,000
Units sold	5,000

Calculate :

a) Contribution

b) BEP

c) MOS

d) Profit

e) If profit ₹ 6,000, find sales.

9) Explain the advantages and disadvantages of standard costing.

10) Define Budget, Budgeting and Budgetary control.

11) In a factory, 100 workers are employed. The standard rate per hour is ₹ 10 for 50 hour per week. The standard production is 100 units. During the week of January, 100 units were completed in 48 hour by 100 workers, the rate of pay was ₹ 12/hr. Calculate labour cost variance, labour rate variance and labour efficiency variance.

12) A firm can produce 3 different products from the same raw materials using the same production facilities. The requisite labour is available in plenty at ₹ 8 per hour for all products. The supply of raw materials which is imported at ₹ 8 per kg, is limited to 10,400 kg for the budget period. The variable overheads are ₹ 5.60 per hour. The fixed overheads are ₹ 50,000. The selling commission

is 10% on sales. From the following information suggest the most suitable sales mix, which will maximise the profit and also determine the profit earned at that level.

Product	**Market demand (Units)**	**S.P./Unit ₹**	**Labour hours required/unit**	**Raw materials required/unit Kgs**
X	8,000	30	1	0.7
Y	6,000	40	2	0.4
Z	5,000	50	1.5	1.5

SECTION – C

III. Answer **any two**. **(24×2=48)**

13) The standard cost to produce 10 units is as follows.

– Material A : 60 units at ₹ 15 per unit

– Material B : 80 units at ₹ 20 per unit

– Material C : 100 units at ₹ 25 per unit

During the month of April 100 units were produced and consumption was as follows :

– Material A : 640 units at ₹ 17.50 per unit

– Material B : 950 units at ₹ 18 per unit

– Material C : 870 units at ₹ 27.50 per unit

Calculate all material variances.

14) The sales turnover and profit for 2021 and 2022 were as follows :

Year	**Sales ₹**	**Profit ₹**
2021	4,50,000	60,000
2022	5,10,000	75,000

Calculate :

a) Profit volume ratio

b) Contribution for 2021 and 2022

c) Fixed cost

d) Break even point

e) Sales required to earn a profit of ₹ 1,20,000

f) Profit when sales are ₹ 7,50,000

g) Margin of safety at a profit of ₹ 1,50,000 and

h) Variable cost for 2021 and 2022.

15) A company manufactures two products X and Y. An estimate of the number of units expected to be sold in the first seven months of 2022 is given below.

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

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 anticipated sales for the next month will be in stock at the end of each month including Dec. 2021.

The budgeted production and production cost for the year ending 31st Dec. are as follows :

Particulars	Product X	Product Y
Production (Units)	11,000	12,000
Direct material cost per unit	₹ 12	₹ 19
Direct wages per unit	₹ 5	₹ 7
Total overheads apportioned to each product	₹ 33,000	₹ 48,000

Prepare a production budget for 6 months showing the number of units manufactured each month (from Jan.-to-June) and a summarised production cost budget for the above period.

16) Prepare cash flow statement as per AS3 (revised).

Liabilities	2022	2021	Assets	2022	2021
	₹	₹		₹	₹
Equity capital	16,00,000	12,00,000	Fixed assets	38,00,000	32,00,000
15% Preference capital	2,80,000	4,00,000	Less : Depreciation	11,60,000	9,20,000
Reserve	8,00,000	6,80,000	Net	26,40,000	22,80,000
Capital reserve	40,000	–	Investments	3,20,000	4,00,000
Profit and Loss	3,00,000	2,40,000	Cash	10,000	10,000
16% debenture	2,80,000	4,00,000	Other current assets	13,10,000	11,10,000
Proposed dividend	1,44,000	1,20,000			
Tax provision (current liability)	3,40,000	3,60,000	Preliminary expenses	40,000	80,000

Unpaid dividend	16,000	–			
Other current liabilities	5,20,000	4,80,000			
Total	**43,20,000**	**38,80,000**	**Total**	**43,20,000**	**38,80,000**

Other informations :

a) One fixed asset was sold for ₹ 1,00,000, the cost of which was ₹ 2,00,000 and depreciation provided on it was 80,000.

b) The company decided to write off one fixed asset costing ₹ 56,000 on which depreciation amounting ₹ 40,000 has been provided.

c) Depreciation provided on fixed assets ₹ 3,60,000.

d) The company sold some investment at a profit of ₹ 40,000 which was credited to capital reserve.

e) Debentures and preference shares were redeemed at 5% premium.

f) Tax paid during the year ₹ 3,00,000.