Reg. No.

BCMCMC 365

Credit Based VI Semester B.Com. Degree Examination, April/May 2017
(2016-2017 Batch)
COMMERCE
Cost and Management Accounting – IV

Time : 3 Hours   Max. Marks : 120

Instructions : *Provide working notes* ***wherever*** *necessary.*

SECTION – A

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

1. Write any six differences between cash flow statement and funds flow statement.

2. What are the objectives of Budgetary Control ?

3. Define "Standard Cost" and "Standard Costing".

4. State with reasons whether the following transactions result in flow of funds or not :
   a) Rent outstanding
   b) Salary paid
   c) Issue of preferential shares for cash
   d) Purchased building and payment made by issue of shares
   e) Depreciation on plant
   f) Profit transferred to General Reserve.

5. The Gabrial Ltd. has budgeted sales for 50,000 units of its product for the year 2015. Expected unit costs based on past experience should be :

	₹
Direct Materials	3
Direct Labour	2
Manufacturing overhead	1.50

The company begins the year with 20,000 units (finished goods) in hand but the ending inventory (finished goods) at 5,000 units.

Compute production cost budget to find cost of production for 2015

P.T.O.

6.

	Standard	Actual
Output	1,000 units	1100 units
Time taken	50 hours	45 hours

Rate of payment – ₹ 5 per unit

Wages paid = ₹ 5,400

Calculate :

Labour Cost Variance

Labour Price Variance

Labour Efficiency Variance.

SECTION – B

Answer **any four** questions. **(4×12=4**

7. Write the advantages and limitations of standard costing.

8. The following are the summarized Balance Sheets of Kennametal Ltd. as on 31st December 2015 and 2016

Liabilities	**2015** (₹)	**2016** (₹)	**Assets**	**2015** (₹)	**201** (₹
Equity Shares	30,000	40,000	Machinery	30,000	27,00
Profit and Loss A/c	14,000	16,000	Furniture	8,000	10,00
Current liabilities			**Current Assets**		
Creditors	16,000	18,000	Stock	18,000	16,00
Bills payable	12,000	8,500	Debtors	16,000	26,00
Provision for Tax (CL)	8,000	11,500	Prepaid Expenses	1,500	4,00
Provision for Dividend (CL)	6,000	4,000	Bank	12,500	15,00
	86,000	**98,000**		**86,000**	**98,00**

You are required to prepare :

A statement showing changes in the working capital.

9. The following information are supplied to you from the books of M/s Shubha Electronics. You are required to calculate cash flow from operations.

   a) Depreciation on fixed assets ₹ 5,000.

   b) Loss on sale of machinery ₹ 4,000.

   c) Profit on sale of building ₹ 10,000.

   d) Proposed dividend ₹ 3,000.

   e) Dividend received on investment ₹ 5,000.

   f) Amortization of fictitious asset ₹ 2,000.

   g) Salary paid ₹ 10,000.

   The other details of the year as under :

Details	**As on 31-3-2015 (₹)**	**As on 31-3-2016 (₹)**
Debtors	18,000	15,000
Creditors	12,000	8,000
Bills receivable	8,000	10,000
Bills payable	6,000	8,000
Outstanding expenses	3,000	2,000
Profit for the year	–	1,56,000
Cash at Bank	2,000	3,000

10. Standard hours required for manufacturing one (1) unit of a product is 12 hours at ₹ 10 per hour. If the company incurred ₹ 1,43,000 for manufacturing 1000 units at ₹ 11 per hour.

    Calculate :

    1) Labour Cost Variance

    2) Labour Rate Variance and

    3) Labour Efficiency Variance. And verify the same.

11. A company produces and sells 50,000 units of a product at a variable cost of ₹ 55 each. Fixed cost is ₹ 2,50,000. 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 Points (in units)

d) Break-even Point (in Rupees)

e) Margin of safety

f) How many units have to be made and sold to make a profit of ₹ 12,00,000 ?

12. The sales manager of a manufacturing company reports that next year he expects to sell 1,00,000 units of a certain product.

The production manager consults the store keeper and costs his figures as follows :

Each unit of the finished product requires 4 units of raw material 'X' and 6 units of raw material 'Y'.

The estimated opening balances at the commencement of the next year :

Finished product – 20,000 units

Raw material X – 24,000 units

Raw material Y – 30,000 units

The desirable closing balances at the end of next year :

Finished product – 28,000 units

Raw material X – 26,000 units

Raw material Y – 32,000 units

Draw up a production budget and raw materials purchase budget for the next year.

SECTION – C

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

13. The following information is taken from the books of a factory

	Standard mix				**Actual mix**		
Material	**Units (Kgs.)**	**Price (₹)**	**Amount (₹)**		**Units (Kgs.)**	**Price (₹)**	**Amount (₹)**
X	450	20	9,000		480	19	9,120
Y	350	15	5,250		380	16	6,080
Z	300	10	3,000		340	12	4,080
	1,100				**1,200**		
Standard loss (9.09%)	100			Actual Loss	100		
Output	**1,000**		**17,250**		**1,100**		**19,280**

Calculate :

a) Material cost variance

b) Material price variance

c) Material usage variance

d) Material mix variance

e) Material yield variance.

14. The following are summarized Balance Sheets and other information of Hero Ltd. as on 31st December 2015 and 2016, Prepare Funds Flow Statement and Statement of Changes in Working Capital :

Liabilities	2015 (₹)	2016 (₹)	Assets	2015 (₹)	2016 (₹)
Share Capital	5,00,000	6,00,000	Fixed Assets	12,00,000	12,00,000
General Reserve	1,80,000	2,30,000	Less : Accumulated		
Profit and Loss A/c	70,000	90,000	depreciation	(2,60,000)	(3,10,000)
12% Debentures	4,00,000	3,00,000	Investment (long term)	1,10,000	90,000
Current Liabilities	1,30,000	1,20,000	Current Assets	3,20,000	4,50,000
Provision for taxation (NCL)	80,000	60,000	Preliminary Expenses	30,000	20,000
Proposed dividend (NCL)	40,000	50,000			
	14,00,000	**14,50,000**		**14,00,000**	**14,50,000**

During the year the company :

1) Sold one machine for ₹ 60,000 the cost of which was ₹ 1,00,000 and the depreciation provided on it was ₹ 20,000.

2) Provided ₹ 90,000 as current year depreciation.

3) Redeemed the debentures of ₹ 100 at ₹ 105.

4) Decided to write off a Fixed Assets (fully depreciated) costing ₹ 20,000, no scrap realized.

5) Decided to value opening stock at cost which was valued previously at cost less 10%. The opening stock according to book value was ₹ 54,000, the closing stock was correctly valued at cost.

6) Consider provision for taxation and proposed dividend as non current liabilities.

Show the workings clearly.

15. The following are summarized Balance Sheets and other information of Ananth Raj Ltd. as on 31st December 2015 and 2016, prepare Cash Flow Statement.

Liabilities	2015 (₹)	2016 (₹)	Assets	2015 (₹)	201 (₹
Share Capital	3,00,000	4,00,000	Goodwill	Nil	10,00
General Reserve	50,000	60,000	Building	3,00,000	3,30,00
Profit and Loss A/c	30,500	30,600	Machinery	1,50,000	1,69,00
Long term loan	70,000	Nil	Stock	1,00,000	74,00
Accounts payable	1,50,000	1,35,200	Accounts Receivable	80,000	64,20
Provision for Taxation (NCL)	30,000	35,000			
			Cash in hand	500	5,60
			Cash at Bank	Nil	8,00
	6,30,500	**6,60,800**		**6,30,500**	**6,60,80**

Additional Information :

1) Dividend paid during the year ₹ 30,000.
2) Asset of another company purchased for a consideration of ₹ 1,00,000 payable in shares. The following assets were purchased : Stock – ₹ 50,000 and Machinery – ₹ 40,000.
3) Machinery was further purchased for ₹ 28,000.
4) Depreciation written off on machinery ₹ 12,000.
5) Income tax paid during the year ₹ 37,000.
6) Loss on sale of machinery ₹ 2,000 was charged to General Reserve Account

16. a) You are given the following data :

Year	Sales (₹)	Profit (₹)
2015	6,00,000	80,000
2016	8,00,000	1,00,000

You are required to calculate :

a) Contribution
b) P/V ratio
c) BEP

d) Profit when sales are ₹ 4,00,000

e) Calculate sales when profit is ₹ 60,000 ?

f) Margin of safety for the year 2015.

b) Prepare a production budget for each month and a summarized production cost budget for six month period ending 30th June, 2016, from the following information relating to a product 'BLAZE'.

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

Year	January	February	March	April	May	June	July
2016	1,000	1,100	1,700	1,900	2,500	2,300	2,000

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

c) Finished units equal to half the sales for next month will be in stock at the end of each month (including December, 2015).

d) Budgeted production and production cost for the year ending June 2016 are as follows :

Production (units) 22,000. Direct material per unit ₹ 10. Direct wages per unit ₹ 4. Total factory overhead apportioned to product ₹ 88,000.