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

BCMCMC 355

Credit Based Sixth Semester B.Com. Degree Examination, May/June 2016
COMMERCE
Cost and Management Accounting – IV

Time : 3 Hours

Max. Marks : 120

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

SECTION – A

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

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

2. What is Fund flow statement ? How does it differ from cash flow statement ?

3. Define Marginal Costing. What are its advantages ?

4. ACC Cements presents the following information and you are required to calculate funds from operations :

Profit and Loss Account

	Rs.		Rs.
To Operation Expenses	10,000	By Gross profit	20,000
To Depreciation	4,000	By Gain on sale of plant	2,000
To Loss on sale of building	1,000	By Dividend received	3,000
To Advertisement Suspense account	500	By Refund of income tax	2,000
To Discount allowed	50		
To Discount on issue of shares written off	50		
To Preliminary exp. written off	3,000		
To Goodwill written off	1,200		
To Transfer to general reserve	2,000		
To Net Profit	5,200		
	27,000		**27,000**

P.T.O.

5. Following information is available from the books of Ganesh Marbles Ltd.

	2014 (Rs.)	2015 (Rs.)
Profit made during the year	–	5,00,000
Income received in advance	1,200	1,000
Prepaid expenses	2,800	3,200
Debtors	1,90,000	1,60,000
B/R	40,000	50,000
Creditors	80,000	90,000
B/P	30,000	26,000
Outstanding expenses	4,000	5,000
Accrued income	2,400	3,000
Cash at Bank	4,000	5,000
Furniture	10,000	15,000

Calculate cash flow from operation.

6. A company budgets a production of 10,00,000 units at a variable cost of Rs. 40 each. Fixed costs are Rs. 80,00,000. The selling price is fixed to yield 20% profit on sales. You are required to calculate :
   a) P/V ratio and
   b) BEP (value).

SECTION – B

Answer **any four** questions : **(4x12=48)**

7. Explain the necessary steps for organising and implementing a system of budgetary control.

8. What is standard costing ? Explain the various steps involved in standard costing.

9. Sales Manager of Apolo and Company Ltd., reports that next year he expects to sell 1,00,000 units of a certain product.

   The production manager consults the storekeeper and casts his figures as follows : Two kinds of raw materials 'X' and 'Y' are required for manufacturing the product. Each unit of the product requires two units of X and three units of Y. The estimated opening balances at the commencement of the next year are :

Finished Products : 20,000 units

Raw materials X – 24,000 units

Y – 30,000 units

The desirable closing balances at the end of the next year are :

Finished products – 28,000 units

Raw materials X – 26,000 units

Y – 32,000 units

Draw up production budget and materials purchases budget for the next year.

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

Material	Quantity (unit)	Rate per unit (Rs.)	Amount (Rs.)
A	60	15	900
B	80	20	1,600
C	100	25	2,500
	240		**5,000**

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

Material	Quantity (unit)	Rate per unit (Rs.)	Amount (Rs.)
A	640	17.50	11,200
B	950	18.00	17,100
C	870	27.50	23,925
	2,460		**52,225**

Calculate :

a) Material cost variance

b) Material price variance

c) Material usage variance

d) Material mix variance and

e) Material yield variance.

11. From the following Balance Sheets of a company, you are required to prepare a schedule of changes in working capital.

Balance Sheets as on 31st December

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Share capital	80,000	1,00,000	Land and		
General reserves	20,000	24,000	Building	80,000	76,000
P & L A/c	12,200	12,240	Plant and		
Bank loan (short term)	28,000	–	Machinery	60,000	67,600
Creditors	60,000	54,080	Stocks	40,000	29,600
Prov. for tax (CL)	12,000	14,000	Debtors	32,000	25,680
			Cash	200	240
			Bank	–	3,200
			Goodwill	–	2,000
	2,12,200	**2,04,320**		**2,12,200**	**2,04,320**

12. From the following Balance Sheets of Anjali Ltd., prepare cash flow statement :

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Equity capital	1,50,000	2,00,000	Goodwill	57,500	45,000
8% Redeemable			Buildings	1,00,000	85,000
Preference shares	75,000	50,000	Plant	40,000	1,00,000
General Reserve	20,000	35,000	Debtors	80,000	1,00,000
P & L A/c	15,000	24,000	B/R	10,000	15,000
Proposed Dividend	21,000	25,000	Cash in hand	7,500	5,000
Creditors	27,500	41,500	Cash at Bank	5,000	4,000
B/P	10,000	8,000	Preliminary		
Provision for Tax (C.L.)	20,000	25,000	expenses	8,500	4,500
			Stock	30,000	50,000
	3,38,500	**4,08,500**		**3,38,500**	**4,08,500**

SECTION – C

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

13. From the following Balance Sheets and other information of Alpha Ltd., for the years 2014 and 2015, prepare Funds Flow Statement and Statement of Changes in Working Capital :

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Share capital	2,00,000	2,50,000	Goodwill	7,500	5,000
General reserve	10,000	25,000	Buildings	1,42,500	1,57,500
P & L A/c	15,000	50,000	Plant and Machinery	93,000	75,000
12% debentures	2,00,000	2,35,000	Investments (long term)	75,000	75,000
Sundry creditors	1,25,000	60,000	Stock	2,00,000	1,80,000
B/P	75,000	40,000	Sundry debtors	1,50,000	1,65,000
Prop. Dividend	40,000	40,000	Cash in hand	6,250	12,500
Provision for tax	60,000	50,000	Cash at Bank	50,750	80,000
	7,25,000	**7,50,000**		**7,25,000**	**7,50,000**

Additional information :

1) During the year investments costing Rs. 20,000 were sold at a profit of Rs. 10,000.
2) An interim dividend of Rs. 25,000 was paid during the year.
3) Taxes paid during the year Rs. 60,000.
4) Rs. 15,000 was charged as depreciation on buildings and Rs. 9,300 on Plant and Machinery.
5) Consider Proposed Dividends and Provision for tax as Non-current Liabilities.

Show the workings clearly.

14. The following are the summarised Balance Sheets of a company as on 31st Dec. 2014 and 2015 :

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Share capital	2,00,000	2,50,000	Land and Building	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
P & L A/c	30,500	30,600	Stock	1,00,000	74,000
Mortgage loan (long term)	70,000	–	Sundry debtors	80,000	64,200
Sundry creditors	1,50,000	1,35,200	Cash	500	600
Prov. for taxation	30,000	35,000	Bank	–	8,000
			Goodwill	–	5,000
	5,30,500	**5,10,800**		**5,30,500**	**5,10,800**

Additional information :

During the year ended 31st Dec. 2015 :

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 further purchased for Rs. 8,000.
4) Depreciation written off of 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.

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

	Hours	Rate per hour	Total
Skilled worker	5	1.50	7.50
Unskilled worker	8	0.50	4.00
Semi-skilled worker	4	0.75	3.00
			14.50

Actual data :

Articles produced : 1000 units

	Hours	Rate per hour	Total
Skilled worker	4500	2.00	9000
Unskilled worker	10000	0.45	4500
Semi-skilled worker	4200	0.75	3150
			16650

Calculate :

a) LCV

b) LRV

c) LEV

d) LMV and

e) LYV.

16. Following figures relate to a company manufacturing a varied range of products :

Year	Sales	Profit
2014	150000	4000
2015	190000	11500

Calculate :

1) P/V Ratio
2) Fixed cost
3) Profit on sale of Rs. 1,20,000
4) Sales required earning a profit of Rs. 20,000
5) Margin of safety in 2014 and 2015
6) Variable cost in 2014 and 2015
7) Break even sales
8) Sales and Profit for a variable cost of Rs. 1,50,000 when P/V ratio is increased to 20%.