

VI Semester B.Com. Examination, April/May 2015
(Semester Scheme) (Fresh) (2014 – 15 & Onwards)
COMMERCE

Paper – 6.6 : Elective Paper – IV
Accounting for Business Decisions and Reporting

Time : 3 Hours

Max. Marks : 100

Instruction : Answer should be written either **completely in English or Kannada.**

SECTION – A

Answer **any ten** of the following sub-questions. **Each** sub question carries **two** marks.

(2×10=20)

1. a) What is Break-even Point ?
- b) What are variances ?
- c) What is contribution ?
- d) Define 'standard costing'.
- e) State two objectives of budgetary control.
- f) What is flexible budget ?
- g) Give the meaning of IFRS.
- h) Sales ₹ 2,00,000, Fixed cost ₹ 40,000, Profit ₹ 20,000 calculate variable cost.
- i) Give the meaning of corporate financial reporting.
- j) Give the expansion of IASB and IFRIC.
- k) What is financial statements ?
- l) Mention any four steps involved in standard costing.

SECTION – B

Answer **any four** of the following questions. **Each** question carries **eight** marks.

(8×4=32)

2. Mention the differences between US GAAP and Indian GAAP.
3. Explain the objectives of Corporate Financial Reporting.



4. The following information is obtained from a standard cost card :

Labour rate – ₹ 1.80 per hour

Hours – 4 hours per unit

Actual production data are :

Units produced – 400 units

Labour rate – ₹ 1.90 per hour

Hours worked – 1,500

Calculate :

- Labour cost variance
- Labour rate variance and
- Labour efficiency variance.

5. Following data are available from the records of a company

- Sales ₹ 1,20,000
- Variable cost ₹ 60,000
- Fixed cost ₹ 30,000

Calculate : P/V Ratio, Break even point and margin of safety at this level.

6. Prepare a cash budget for two months commencing 1st June, when the bank balance was ₹ 1,00,000.

	Sales	Purchases	Wages
	₹	₹	₹
April	80,000	41,000	5,600
May	76,000	40,000	5,400
June	78,000	38,000	5,400
July	90,000	37,000	4,800

- 20% of the sales are on cash basis, customers are allowed 2 months credit.
- Suppliers allow one month credit.
- Lag in payment of wages – 1 month.



SECTION - C

Answer **any three** of the following questions. **Each** question carries **sixteen** marks.

(16×3=48)

7. Nischay Ltd. supplies you the following data for the year ending 31st December 2014.

Production – 1,100 units

Sales – 1,000 units

There was no opening stock.

Variable manufacturing cost per unit ₹ 7

Fixed manufacturing overhead (total) ₹ 2,200

Variable selling and administration overhead per unit ₹ 0.50

Fixed selling and administration overhead (total) ₹ 400

Selling price per unit ₹ 15

You are required to prepare income statement under

a) Absorption costing method and

b) Marginal costing method.

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

- Material A 60 units @ ₹ 15 per unit
- Material B 80 units @ ₹ 20 per unit
- Material C 100 units @ ₹ 25 per unit

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

- Material A 640 units @ ₹ 17.50 per unit
- Material B 950 units @ ₹ 18.00 per unit
- Material C 870 units @ ₹ 27.50 per unit

Calculate :

- Material cost variance
- Material price variance
- Material usage variance.



9. A manufacturing company has a production department, the expenses for production of 10,000 (50% level of activity) units for a period are furnished below :

	Per unit
	₹
Materials	40
Wages	20
Manufacturing expenses (40% fixed)	10
Administration expenses (all fixed)	5
Selling expenses (60% fixed)	5
Total cost	<u>80</u>
Profit	<u>20</u>
Selling price	<u>100</u>

Prepare a flexible budget for 60% and 90% levels of activity. It is expected that the present unit selling price will remain constant upto 60% activity beyond which a 5% reduction is contemplated upto 90% activity levels.

10. The operating results of a company for the last two years are as follows :

	31-03-2014	31-03-2015
	₹	₹
Sales	2,70,000	3,00,000
Profit	6,000	15,000

Calculate :

- P/V Ratio
- Fixed cost
- Sales to make ₹ 1,00,000 profit
- B.E.P.
- Margin of safety at a profit of ₹ 24,000
- Profit earned at ₹ 5,00,000 sales.