

Register Number:

**DATE: 24-04-2019**

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| **ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27** |
| **B.COM-VI SEMESTER** |
| **SEMESTER EXAMINATION: APRIL 2019** |
| **BCDEA 6616– Accounting for Business Decisions & Reporting** |
|  |  |  |  |  |  |  |
| **Time- 2.5 hrs** |  | **Max Marks-70** |  |
| **This paper contains 3 printed pages and four parts** |

 **SECTION - A**

**Answer any five out of the following questions 5\*2=10**

1. Define Marginal costing
2. How is period cost different from product cost?
3. What is standard costing?
4. Give the meaning of Master budget.
5. What are the causes of labour rate variances?
6. How can P/V ratio be improved?
7. What is relevant costing?

**SECTION – B**

**Answer any three from the following questions 3\*5=15**

1. Bring out the differences (any five) between Absorption costing and Variable costing.
2. Calculate variable overhead variances from the following:

|  |  |  |
| --- | --- | --- |
|  | Budgeted | Actual |
| Output | 20,000 | 19,000 |
| Hours | 5,000 | 4,500 |
| Overhead-Fixed | 10,000 | 10,500 |
|  -Variable | 5,000 | 4,800 |

1. The following information related to the production and sale of an article for January and February 2017 is given below:

|  |  |  |
| --- | --- | --- |
|  | January | February |
| Sales | 38,000 | 65,000 |
| Profit |  | 3,000 |
| Loss | 2,400 |  |

Calculate:

 a.P/V ratio

 b.Fixed cost

 c.Break even point

 d.Profit/Loss at sales of Rs.46000

e. Sales to earn a profit of Rs. 5,000

1. Explain the benefits of relevant costing?
2. Describe the limitations of financial statement analysis.

**SECTION – C**

**Answer any three from the following questions 3\*10=30**

1. State the issues and problems with reference to published financial statements.
2. From the following,prepare a cash budget of a Company;

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
| Op.Cash Bal | 10,000 |  |  |  |
| Collection from Customers | 1,25,000 | 1,50,000 | 1,60,000 | 2,21,000 |
| Purchase of materials | 20,000 | 35,000 | 35,000 | 54,200 |
| Other expenses | 25,000 | 20,000 | 20,000 | 17,000 |
| Salary and wages | 90,000 | 95,000 | 95,000 | 1,09,200 |
| Income Tax | 5,000 |  |  |  |
| Purchase of Machinery |  |  |  | 20,000 |

The company desired to maintain a cash balance of 15,000 at the end of each Quarter.Cash can be borrowed or repaid in multiples of 500 at an interest of 10%p.a.Management does not want to borrow cash more than what is necessary and wants to repay as early as possible. In any event, loans cannot be extended beyond 4 quarters. Interest is computed and paid when the principal is repaid .Assume that the borrowings take place at the beginning and repayments are made at the end of the quarters.

1. A, B and C are three similar plants under same management who want them to be merged for better operation. The details are as under:

|  |  |  |  |
| --- | --- | --- | --- |
| **Plant** | **A** | **B** | **C** |
| Capacity operated | 100% | 80% | 60% |
|  | Rs in Lakhs | Rs in Lakhs | Rs in Lakhs |
| Turnover | 300 | 280 | 150 |
| Variable cost | 200 | 210 | 75 |
| Fixed cost | 70 | 50 | 62 |

Find out:

1. The capacity of the merged plant for break-even.
2. The profit or loss @ 50% capacity of the merged plant.
3. The turnover from the merged plant to give a profit of Rs. 15 lakhs.

16.The manager of Repairs and Maintenance Department in response to a request submitted the following budgetary estimates.Prepare a flexible budget based on the details:

|  |  |  |
| --- | --- | --- |
| Details of Cost | Planned at 6000 direct repair hours | Planned at 9000 direct repair hours |
| Employee salaries | 30,000 | 30,000 |
| Indirect repair materials | 40,200 | 60,300 |
| Miscellaneous cost | 13,200 | 16,800 |

Prepare a flexible budget for the department upto activity level of 9000 repair hours(use increments of 1000 hours) .

17.From the following information,calculate

a.Labour cost variance

b.Labour rate variance

c.Labour efficiency variance

d.Labour Mix variance

e.Labour Yield Variance.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Skilled workers | Semiskilled workers | Unskilled workers |
| Standard number of workers in the gang | 32 | 12 | 6 |
| Actual number of workers employed | 28 | 18 | 4 |
| Standard wage rate per hour | 3 | 2 | 1 |
| Actual wage rate per hour | 4 | 3 | 2 |

During the 40 hours working week ,the gang produces 1800 standard labour hours of work

**SECTION – D**

**Answer the following question 1\*15=15**

**18**.Auto Parts Ltd has an annual production of 90,000 units for a motor component.The component cost structure is as below:

Materials Rs. 270/unit

Labour(25%is fixed) Rs. 180/unit

Expenses:

Variable Rs. 90/unit

Fixed Rs. 135/unit

Total Rs. 675/unit

1. The purchase manager has an offer from a supplier who is willing to supply the component at Rs.540.Should the component be purchased and production stopped?
2. Assume the resources now used for this component’s manufacture are to be used to produce another new product for which the selling price is Rs. 485.In this case,the material price will be Rs. 200/unit.90,000 units of this product can be produced at the same cost basis as above for labour and expenses.Discuss whether it would be advisable to divert the resources to manufacture the new product,on the footing that the component presently being produced would,instead of being produced be purchased from the market.

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