****

Registered Number:

DATE: **23** **-04-2018 (1PM)**

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU-27**

**B.Com - VI SEMESTER**

**SEMESTER EXAMINATION: April 2018**

**BCDEA 6616 : Accounting for Business Decision and Reporting**

**Time- 2 ½ hrs Max Marks-70**

This paper contains THREE printed pages and four parts

**SECTION A**

**Answer any five of the following questions. Each question carries two marks. (5x2=10)**

1. What is Break-even point?
2. Define Variance.
3. Mention any four objectives of Budgetary Control.
4. What is Sunk Cost?
5. What is a Financial Statement?
6. Mention the difference between Absorption costing and Marginal Costing.
7. What is a Master Budget?

**SECTION B**

**Answer any three of the following questions. Each question carries five marks. (3x5=15)**

1. Explain the Essential of effective Budgetary Control.
2. A company sold in two consecutive periods 7,000 units and 9,000 units and has incurred a loss of Rs.10,000 and earned Rs.10,000 as profit respectively. The selling price per unit is Rs.100.

You are required to calculate:

1. The number of units to break-even
2. The number of units to earn a profit of Rs.40,000.
3. Standard hours for manufacturing two products M and N are 15 hours per unit and 20 hours per unit respectively. Both products require identical kind of labour and the standard wage rate per hour is Rs.5. In a year 10,000 units of M and 15,000 units of N were manufactured. The total of labour hours actually worked were 4,50,500 and the actual wage bill came to Rs.23,00,000. This included 12,000 hours paid for @ Rs.7 per hour and 9,400 hours paid for @ Rs.7.50 per hour, the balance having been paid at Rs.5 per hour. You are required to compute the labour variances.

**BCDEA 6616-B-18**

1. Company A manufactures bicycles. It can produce 1,000 units in a month for a fixed cost of Rs.300,000 and variable cost of Rs.500 per unit. Its current demand is 600 units which it sells at Rs.1,000 per unit. It is approached by Company B for an order of 200 units at Rs.700 per unit. Should the company accept the order? Justify your answer with necessary calculations.
2. Discuss the different types of decisions a firm may analyze using relevant costing.

**Section-C**

**Answer any three of the following questions. Each question carries ten marks. (3x10=30)**

1. Discuss the issues and problems with reference to published financial statements.
2. ABC Co. wished to arrange overdraft facilities with its bankers during the period April 2017 to June 2017 when it will be manufacturing mostly for the stock. Prepare a Cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Sales** | **Purchases** | **Wages** |
| February 2017 | Rs.1,80,000 | Rs.1,24,800 | Rs.12,000 |
| March 2017 | Rs. 1,92,000 | Rs.1,44,000 | Rs.14,000 |
| April 2017 | Rs.1,08,000 | Rs.2,43,000 | Rs.11,000 |
| May 2017 | Rs.1,74,000 | Rs.2,46,000 | Rs.10,000 |
| June 2017 | Rs.1,26,000 | Rs.2,68,000 | Rs.15,000 |

***Additional Information:***

1. 50% of the credit sales are realized in the month following the sales and remaining 50% in the second month following. Creditors are paid in the month following the month of purchases. There are no cash sales or cash purchases
2. Cash at bank [overdraft] estimated on 1st April 2017 is Rs.25, 000.
3. Mixers Ltd. is engaged in producing a standard mix using 60 kg of chemical X and 40 kg of chemical Y. The standard loss of production is 30%. The standard price of X is Rs.5 per kg and of Y is Rs.10 per kg. The actual mixture and yield were as follows:

X – 80 kg @ Rs.4.50 per kg

Y – 70 kg @ Rs.8.00 per kg

Actual yield 115 kg.

Calculate all Material Variances (MCV, MPV,MQV, MMV & MYV)

1. The budgeted sales of the products of a company are as follows :

|  |  |
| --- | --- |
| **Particulars** | **Products** |
| **X** | **Y** | **Z** |
| Budgeted sales in unit  | 10,000 | 15,000 | 20,000 |
| Budgeted selling price per unit | 4 | 4 | 4 |
| Budgeted variable cost per unit | 2.5 | 3 | 3.5 |
| Budgeted fixed expenses | 12,000 | 9,000 | 7,500 |

From the above information, you are required to compute the following for each product:

* 1. The Budgeted Profit
	2. The Budgeted break even sales
	3. The Budgeted margin of safety in terms of sales value
1. Product A and B are produced in a joint process. At split-off point, Product A is complete whereas product B can be processed further. The following information is available:

|  |  |  |
| --- | --- | --- |
| Product | A | B |
| Quantity in units | 5,000 | 10,000 |
| Selling price per unit: |
| At split off | Rs.10 | Rs.2.50 |
| If processed further | - | Rs5 |
| Cost After Split off- Rs.20,000 |

Perform sell or process-further analysis for Product B using Incremental and opportunity cost approach and compare & contrast between these two approaches.

**SECTION D**

**Answer the following compulsory question. The question carries fifteen marks. (1x15=15)**

1. A Multi -Product Company provides the following costs and output data for the last year.

|  |  |
| --- | --- |
| **Particulars** | **Products** |
| **X** | **Y** | **Z** |
| Sales Mix | 40% | 35% | 25% |
| Selling Price | Rs.20 | Rs.25 | Rs.30 |
| Variable cost per unit | Rs.10 | Rs.15 | Rs.18 |

Total Fixed Cost- Rs.1.50,000 and Total sales Rs.5,00,000The company proposes to replace Product Z by Product S. Estimated cost and output data are:

|  |  |
| --- | --- |
| **Particulars** | **Products** |
| **X** | **Y** | **S** |
| Sales Mix | 50% | 30% | 20% |
| Selling Price | Rs.20 | Rs.25 | Rs.28 |
| Variable cost per unit | Rs.10 | Rs.15 | Rs.14 |

Total Fixed Cost- Rs.1.60,000 and Total sales Rs.4,50,000.

Analyze the proposed change and suggest what decision the company should take? Also state the break-even point for the company as a whole in the two situations.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*