



VI Semester B.Com. Examination, May 2016
(Semester Scheme) (F + R)
(2014-15 and Onwards)

COMMERCE

**Paper – 6.6 : Elective Paper – IV : Accounting for Business Decisions
and IFRS/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 marginal cost ?
- b) What is margin of safety ?
- c) State the steps involved in standard costing.
- d) What is overhead variance ?
- e) State any two limitations of budgetary control.
- f) What is a flexible budget ?
- g) State any two features of IFRS.
- h) What is US GAAP ?
- i) What is the importance of corporate reporting ?
- j) What is accountability ?
- k) Given sales is Rs. 1,00,000, variable cost Rs. 70,000 and loss Rs. 10,000. Find the fixed cost.
- l) What is meant by variance analysis ?



SECTION - B

Answer any four of the following questions. Each question carries eight marks. (8×4=32)

2. Briefly explain challenges for implementing IFRS in India.
3. Explain the any eight problems of financial reporting.
4. From the following data relating to a company. Calculate (a) P/V Ratio (b) The break even sales (c) Sales required to earn a profit of Rs. 6,000 per period.

Period	Total sales (₹)	Total cost (₹)
I	42,500	38,700
II	39,200	36,850

5. The standard materials required for producing 100 units in 120 kgs. A standard price of 0.50 paise is fixed and 240000 units were produced during the period. Actual materials purchased were 300000 kgs at a cost of Rs. 1,65,000.

Calculate :

- a) Material cost variance
- b) Material price variance
- c) Material usage variance
6. The expenses of budgeted production of 10000 units in a factory are given below :

	Per unit (₹)
Materials	50
Labour	20
Variable overheads	10
Fixed overheads (₹ 50,000)	5
Variable expenses (Direct)	2
Selling expenses (10% fixed)	10
Distribution expenses (20% fixed)	5
Administrative expenses (₹ 40,000)	4
Total cost per unit	106

Prepare a flexible budget for production of 8000 units indicating cost per unit of each item.

SECTION - C

Answer any three of the following questions. Each question carries sixteen marks.
(16×3=48)

7. From the following particulars calculate :

- P/V Ratio
- Break even sales
- Margin of safety
- Sales required to earn a profit of ₹ 1,50,000
- Profit when sales are ₹ 10,00,000
- Margin of safety for a profit of ₹ 2,00,000.

Fixed cost ₹ 1,50,000

Profit ₹ 1,00,000

Sales ₹ 5,00,000.

8. The information regarding composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows :

Standard			Actual	
	No. of workers	Weekly wage rate per worker	No. of workers	Weekly wage rate per worker
Skilled	75	60	70	70
Semi-skilled	45	40	30	50
Unskilled	60	30	80	20

The work was completed in 32 weeks. Calculate :

- Labour cost variance
- Labour rate variance
- Labour efficiency variance
- Labour mix variance.



9. A company has the opening balance of cash ₹ 37,500 on 1-4-15 and requires you to prepare a cash budget for 3 months April – June 2015. The following information is supplied to you :

Month	Sales	Purchases	Wages	Overheads
February	75,000	45,000	9,000	18,000
March	84,000	48,000	9,750	18,750
April	90,000	52,500	10,500	20,250
May	1,20,000	60,000	13,500	23,820
June	1,35,000	60,000	14,250	28,000

Other Information :

- Period of credit allowed by suppliers – 2 months.
 - 20% of sales for cash and period of credit allowed to customers for credit sales is one month.
 - Delay in payment of all expenses 1 month
 - Income tax of ₹ 57,500 is due to be paid on 15-6-2015.
10. a) You are given the following data :
- Sale price ₹ 350 per unit
- Variable cost ₹ 200 per unit
- Fixed expenses ₹ 16,50,000
- Ascertain :
- Break even point
 - Sales per unit if BEP is brought upto 15000 units
 - Sales per unit if BEP is brought down to 10000 units.
- b) Calculate material mix and material yield variances from the following information provided by X Ltd.

	Standard		Actual	
	Qty.	Price per Kg	Qty.	Price per Kg
Material A	120	2500	115	2300
Material B	80	3500	85	3600
Output	180 Kg		171 Kg	