



MS – 458

**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 ?

P.T.O.



## 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 :

- a) P/V Ratio
  - b) Break even sales
  - c) Margin of safety
  - d) Sales required to earn a profit of ₹ 1,50,000
  - e) Profit when sales are ₹ 10,00,000
  - f) 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 :

- a) Labour cost variance
- b) Labour rate variance
- c) Labour efficiency variance
- d) 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	