

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
Business Statistics

Duration:2 Hours

Max Marks:60

Section- A(compulsory)**I . Answer The Following Question :****1×20= 20**

1. a. In a business venture, a man can make a profit of 50,000 or incur a loss of 20,000. The probabilities of making profit or incurring loss, from the past experience, are known to be 0.75 and 0.25 respectively. What is his expected profit?

- b. Find the missing frequency from the following data, given that the median mark is 23.

Marks	0-10	10-20	20-30	30-40	40-50
No of students	5	8	?	6	3

- c. Compute the mean deviation about the arithmetic mean for the following data:

x	1	3	5	7	9
f	5	8	9	2	1

Also find the coefficient of the mean deviation about the AM.

- d. What are the limitations of Statistics?

Section- B**II. Answer any Four of the following :****4×10= 40**

2. a. Define Statistics in Singular and plural sense.
 b. Compute the mean weight of a group of BBA students of St. Xavier's College from the following data:

Weight in kgs	44-48	49-53	54-58	59-63	64-68	69-73
No of students	3	4	5	7	9	8

3. a. Find the HM for the following data:

x	2	4	8	16
f	2	3	3	2

- b. What is the range and its coefficient for the following distribution of weights?

Weight in kgs	50-54	55-59	60-64	65-69	70-74
No of students	12	18	23	10	3

4. a. List a few Applications of Statistics

b. A committee of 7 members is to be formed from a group comprising 8 gentlemen and 5 ladies. What is the probability that the committee would comprise:

(i) 2 ladies?

(ii) at least 2 ladies?

5. a. A dice is rolled twice. What is the probability of getting a difference of 2 points?

b. Explain different methods of collection of Primary Data.

6. a. The mean salary for a group of 40 female workers is 5,200 per month and that for a group of 60 male workers is 6800 per month. What is the combined mean salary?

b. The following data relate to the distribution of wages of a group of workers:

Wages in Rs	50-60	60-70	70-80	80-90	90-100	100-110	110-120
No of workers	15	23	36	42	17	12	5

If a worker is selected at random from the entire group of workers, what is the probability that

(i) his wage would be less than 50?

(ii) his wage would be less than 80?

(iii) his wage would be more than 100?

(iv) his wages would be between 70 and 100?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
Economics for Business

Duration:2 Hours

Max Marks:60

Section- A(compulsory)

I . Answer The Following Question :

1×20= 20

1. (a) What are the different methods of Demand Forecasting? (15 marks)
 (b) A car dealer sells new as well as used cars. Sales during the previous year were as follows:

Car Type	Price	Quantity (Nos)
New	6.5 lakhs	400
Used	60,000	4000

During the previous year, other things remaining the same, the real incomes of the customers rose on average by 10%. During the last year sales of new cars increased to 500, but sales of used cars declined to 3,850.

What is the income elasticity of demand for the new as well as used cars? What inference do you draw from these measures of income elasticity? (5 marks)

Section- B

II. Answer any Four of the following :

4×10= 40

2. Explain the internal & external causes of Business Cycles.
3. (a) What are the applications of Consumer Surplus? (5 marks)
 (b) Explain the limitations of Consumer Surplus. (5 marks)
4. Calculate Total cost, average fixed cost, average variable cost, average total cost and marginal cost from the following table:

Quantity of labour	Total Fixed Cost	Total Variable Cost
0	100	—
1	100	50
2	100	90
3	100	120
4	100	140
5	100	175
6	100	230
7	100	310
8	100	400

5. (a) Explain any four characteristics of monopoly. **(4 marks)**
(b) Explain any six economic effects of monopoly. **(6 marks)**
6. (a) What is Business Economics? **(2 marks)**
(b) Explain the nature of Business Economics. **(8 marks)**

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.COM. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE

Financial Planning and Performance

Duration:2 Hours

Max Marks:60

Section-A

Answer any TWO of the following :

2×15= 30

1. Explain briefly the two Approaches to evaluate the performance of Responsibility Centre.
2. Explain Briefly BCG- Growth Share Matrix.
3. High Value Corporation recently began production of a new product, High Tops. The company just completed and sold an order of 100 units of High Tops that had the following costs:

Direct materials	\$ 3,000
Direct labor (1500 hours x 10.00)	\$15,000
Variable overhead (1500 hours x \$5.00)*	\$7,500
Fixed overhead**	\$5,000
Total	\$ 30,500
*Applied on the basis of direct labor hours.	
**Applied at the rate of \$50.00 per unit for the 100 units produced. Fixed costs are not expected to change up to 500 produced units.	

The company has now been asked to prepare a bid for 300 units of High Tops. If an 80 percent cumulative average learning curve is applicable, What will be estimated High Value's relevant manufacturing costs to produce High Tops?

Section-B

Answer any TWO of the following :

2×10= 20

4. Relevant Information for Material A given as follows:
 Actual variable overhead cost per hour \$8.00
 Standard variable overhead cost per hour \$7.50
 Actual hours 4,500
 Standard hours 5,000
 What is the variable overhead spending variance and Variable efficiency variance for material A?
5. How to differentiate the Contribution Approach from the Traditional Approach?
6. Based on past experience, a company has developed the following budget formula for estimating its shipping expenses. The company's shipments average 12 lbs. per shipment:

Shipping costs = \$16,000 + (\$0.50 x lbs. shipped)

The planned activity and actual activity regarding orders and shipments for the current month are given in the following schedule:

	Planned	Actual
Sales orders	800	780
Shipments	800	820
Units shipped	8,000	9,000
Sales	\$120,000	\$144,000
Total pounds shipped	9,600	12,300

The actual shipping costs for the month amounted to \$21,000. What would be the appropriate monthly flexible budget allowance for shipping costs for the purpose of performance evaluation?

Section-C

Answer any TWO of the following :

2×5= 10

7. What is Responsibility Centre?
8. What is Budgetary Slack?
9. What is Static Budgeting?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023

COMMERCE
Financial Accounting

Duration: 2 Hours

Max Marks: 60

SECTION – A

Answer any TWO questions:

(2×15= 30)

- 1) Explain the following: (a) Accounting Standards (b) Forensic Accounting
(c) Money Measurement Concept
- 2) From the following information relating to a Trader who keeps his books on Single Entry System, prepare: Trading, Profit & Loss Account for the year ending 31-12-2021 and a Balance Sheet as on that date. Depreciate Furniture by 10%.

	1-1-2021 (Rs.)	31-12-2021 (Rs.)
Creditors	18,000	?
Furniture	8,000	?
Debtors	?	55,000
Stock	12,000	10,500
Cash	24,000	?

Additional information:

	Rs.		Rs.
Receipts from Debtors	1,75,000	Bad Debts	1,000
Paid to Creditors	90,000	Discount Allowed	3,000
Total Sales (Including Cash Sales Rs.38,000)	2,25,000	Discount Received	2,500
Total Purchases (Including Cash Purchases Rs.23,000)	1,20,000	Rent	8,000
Sales Returns	2,000	Wages	8,000
Purchase Returns	1,500	Trade Expenses	5,000
Drawings	20,000	Outstanding Wages	8,00
Prepaid Rent	600		

- 3) From the following Trial Balance and other information relating to the business of Mr. Kini, you are required to prepare Trading and Profit & Loss Account for the year ended 31st December 2021 and Balance Sheet as on that date:

	Rs.	Rs.
Stock-in-Trade 1-1-2021	30,000	--
Purchases and Sales	2,05,000	3,54,000
Return Inwards & Outwards	4,000	5,000
Wages	20,000	--
Carriage on Purchase	7,000	--
Discounts	1,000	2,000
General Expenses	15,000	--
Salaries	10,000	--
Outstanding Salaries	--	3,000
Outstanding Rent	--	1,000
Depreciation	15,000	--
Rent	12,000	--
Kini's Life Insurance Premium	2,000	--
Insurance	2,000	--
Income Tax paid	3,000	--
Land and Buildings	1,00,000	--
Furniture	20,000	--
Debtors and Creditors	45,000	50,000
Bills Receivable & Payable	10,000	9,000
Drawings and Capital	5,000	2,00,000
Cash in Hand & at Bank	68,000	--
Plant & Machinery	50,000	--
	6,24,000	6,24,000

The adjustments to be made are:

1. Closing Stock on 31.12.2021 Rs.40,000.
2. Stock destroyed by fire was Rs.2,000 and the Insurance Company accepted the claim partly for Rs.1,500.
3. Purchases include goods worth Rs.1,000 purchased for private purposes.

4. Goods supplied by Kirthi worth Rs.3,000 on credit on 30th December 2021 was not entered in the books.
5. Bills receivable from debtors dishonoured Rs.2,000, but no entries are made in the books of account.
- 4) Surya of Bangalore sent 100 sewing machines on consignment to Sathya of Mumbai. He spent Rs.250 on packing. The cost of each machine was Rs.112 but it was invoiced at 25% above cost.

One case containing 5 machines were lost in transit: Sathya was asked to pay Rs.475 as freight. He spent Rs.95 as Cartage and Rs.190 as godown rent. Sathya sold 75 machines at Rs.190 each, but all these were sold on credit. He found 10 machines defective and therefore returned them to the consignor at a cost of Rs.50. Sathya is entitled to an ordinary commission of 5% and Del credere commission of 1% on invoice price. A tailor in Mumbai purchased five of these machines but failed to pay the dues. This price was realised from Sathya by the consignor.

Prepare a) Consignment A/c

b) Consignee's A/c in the books of the Consignor.

SECTION – B

Answer any FOUR questions :

(4×5= 20)

- 5) Write short note on:
- Convention of Materiality
 - Cash System of Accounting
- 6) Atlas Cycle Co., Mysore forwarded 100 Bicycles to Raja Cycle Mart, Mangalore to be sold on consignment basis. The cost of one bicycle was Rs.450. Atlas Cycle Co. incurred Rs.3,000 towards freight and insurance. Two cycles were destroyed in transit and an amount of Rs.600 was received by the consignor from the Insurance Co. Raja Cycle Mart had spent Rs.1,200 as Rent and Rs.750 as Insurance and had sold 80 Bicycles at Rs.500 each. The consignee is entitled to an ordinary commission of 4% and Del credere commission of 1% on sales.
- Prepare Consignment Account in the books of the Consignor.

- 7) From the following information, prepare Trading A/c in the books of Jayadev for the year ending 31.3.2021.

	Dr. Rs.	Cr. Rs.
Drawings	11,000	--
Opening Stock	60,000	--
Capital	--	90,000
Purchases	88,600	--
Sales	--	1,16,000
Carriage inwards	2,100	--
Carriage outwards	5,600	--
Returns	8,500	6,800
Rent	7,800	--
Wages	6,800	--
Octroi	7,900	--
Salaries	8,500	--
General expenses	6,000	--
	2,12,800	2,12,800

Adjustments: a) Closing Stock as on 31.3.2021 Rs.23,000.

b) Goods withdrawn by the proprietor for personal use Rs.7,500.

- 8) Prepare Manufacturing Account from the following:

Particulars	Rs.	Particulars	Rs.
<u>Opening Stock:</u>		<u>Closing Stock:</u>	
Raw materials	32000	Raw materials	24000
Work in Progress	12000	Work in Progress	10000
Finished goods	25000	Finished goods	30000
Carriage on purchases	2200	Depreciation on Furniture	1500
Carriage on sales	4500	Depreciation on Machinery	2500
Sale of scrap	5000	Repairs to plant	800
Purchase of raw materials	90000	Factory expenses	3200
Manufacturing wages	12000	General expenses	5000
Salaries	24000	Motive power	3500
Bad debts	2000	Discount allowed	1000
Stationery	400	Depreciation on Loose tools	1200

Note: a) Materials of Rs. 6,500 were used by the proprietor for personal use.

b) Factory expenses Rs. 1600 due.

9) From the following calculate total sales:

	Rs.
Opening debtors	15,000
Closing debtors	18,000
Cash received from debtors and Bills receivable	30,000
Opening B/R	8,000
B/R received during the year	16,000
Closing B/R	10,000
Bad debts written off	1,000
Cash sales	25,000

10) Describe the significance of Digital Transformation Accounting.

SECTION – C

Answer any FIVE questions :

(5×2= 10)

11. What is Business Entity Concept?

12. How do you treat the following adjustment while preparing the final accounts of a sole trader?

Goods invoiced for Rs.30,000 were sent to a customer on sale or return basis at the end of the accounting year. These were recorded as actual sales. The rate of gross profit was 20% on cost.

13. Write any two differences between Manufacturing Account and Trading Account.

14. Calculate the amount of raw materials consumed from the following:

Closing stock of raw materials Rs.6,000, Opening stock of raw materials Rs.3,500, Purchases of raw materials Rs.32,000, Materials worth Rs.1,500 were used by the proprietor for personal use.

15. What is Del Credere Commission?

16. Calculate Credit Purchases from the following information:

Opening Creditors Rs.45,000, Closing Creditors Rs.49,500, Cash paid to Creditors Rs.1,75,000, Bills Payable issued Rs.15,000.

17. State any two areas of application of Cloud Accounting.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
Financial Accounting

Duration:2 Hours

Max Marks:60

Section-A

Answer any TWO of the following :

2×15= 30

1. From the following Trial Balance and other information relating to the business of Mr. Kini, you are required to prepare Trading and Profit & Loss Account for the year ended 31st Dec. 2022 and Balance Sheet as on that date:

	Rs.	Rs.
Stock-in-Trade 1-1- 2022	30,000	--
Purchases and Sales	2,05,000	3,54,000
Return Inwards & Outwards	4,000	5,000
Wages	20,000	--
Carriage on Purchase	5,000	--
Power and Light	2,000	--
Discounts	1,000	2,000
General Expenses	15,000	--
Salaries	10,000	--
Outstanding Salaries	--	3,000
Outstanding Rent	--	1,000
Depreciation	15,000	--
Rent	12,000	--
Prepaid Insurance	1,000	--
Kini's Life Insurance Premium	1,000	--
Insurance	2,000	--
Income Tax paid	3,000	--
Land and Buildings	1,00,000	--
Furniture	20,000	--
Debtors and Creditors	45,000	50,000
Bills Receivable & Payable	10,000	9,000
Drawings and Capital	5,000	2,00,000
Cash in Hand & at Bank	68,000	--
Plant & Machinery	50,000	--
	6,24,000	6,24,000

The adjustments to be made are:

1. Closing Stock on 31.12.2022 Rs.40,000.
 2. Stock destroyed by fire was Rs.2,000 and the Insurance Company accepted the claim partly for Rs.1,500.
 3. Purchases include goods worth Rs.1,000 purchased for private purposes.
 4. Bills receivable and cheques from debtors dishonoured Rs.2,000 and Rs.1,000 respectively but no entries are made in the books of account.
2. X Company Ltd. of Mumbai dispatched 1000 Radio sets costing Rs.150 each to Y of Madras on 15th March 2022.

The following expenses were paid by X Company on the consignment: Loading Rs.50 per radio set, Freight Rs.7,500; Cartage Rs.500; Insurance Rs.2,000. The Proforma invoice to the agents was Rs.2,00,000 and the remuneration was fixed at 5% on gross sale proceeds. The agents accepted a bill for Rs.50,000 drawn on them as an advance.

50 Sets were stolen in transit to Madras and an insurance claim of Rs.7,000 was received in final settlement.

On 31st December 2022 the company received an account sale from the agents as under:

		Rs.
Sale proceeds of 800 sets		1,60,000
Less: Clearing charges	1,900	
Storage	3,100	
Commission	8,000	13,000
Net Proceeds		1,47,000

Y of Madras remitted a sight draft for the balance.

Prepare: Consignment Account and Consignee's Account in the books of the consignor.

3. Prepare Trading and Profit and Loss account for the year ended December 2022 and a Balance Sheet on that from the details provided by Mr. Desai who maintains books on single entry system.

Statement of affairs as on 1.1.2022

Liabilities	Rs.	Assets	Rs.
		Cash in Hand	700
Bank Overdraft	5,000	Bills Receivable	25,000
Creditors	36,000	Debtors	39,000
Bills payable	16,000	Stock	75,300
Capital	2,00,000	Plant and Machinery	47,000
		Land and Buildings	70,000
	2,57,000		2,57,000

Factory expenses	4,000
Purchase of raw materials	85,500
Return inwards	6,500
Sales	3,00,000
Stock at the close:	
Raw materials	90,000
Partly Finished goods	1,25,000
Finished goods	85,000
Salary	5,000
Commission	2,200
Discount allowed	1,200
Repairs to plant	2,000

Note: a. Materials of Rs.4,000 were used by the proprietor for personal use.
b. Factory expenses due, Rs.1,300.

5. Prem of Chennai consigned 1000 toys to Geetha of Calicut to be sold on consignment basis. The cost of one toy was Rs.200. Prem paid Rs.10,000 as freight and insurance. Geetha paid Rs.5,000 as octroi and carriage, Rs.2,500 as rent and Rs.1,000 as insurance. Geetha sold 750 toys for Rs.1,65,000. She is entitled to a commission of 5% on sales. Prepare the Consignment A/c in the books of the Consignor.
6. A fire occurred on April 15, 2022 and destroyed the business premises of X & Co. The books of accounts and stock amounting to Rs.1,80,000 were saved and the following information was rendered available from the books:

	Sales Rs.	Gross Profit Rs.
Year ending Dec. 31, 2017	86,00,000	21,50,000
Year ending Dec. 31, 2018	71,00,000	21,30,000
Year ending Dec. 31, 2019	60,00,000	20,00,000
Year ending Dec. 31, 2020	55,00,000	18,70,000
Year ending Dec. 31, 2021	48,00,000	16,00,000

The stock on Dec. 31st, 2021 was valued at Rs. 9,70,000.

The purchases, Sales and production wages from Jan.1, 2022 to April 14, 2022 were ascertained at Rs. 7,50,000, Rs.15,90,000 and Rs. 3,00,000 respectively.

Compute the amount of claim for the loss of stock.

Section-C

Answer any TWO of the following :

2×5= 10

7. Mention the various steps required to be followed for the conversion of accounts maintained under Single Entry System into Double Entry System.

Cash Transactions during 2022

	Rs.
Cash receipts:	
From Debtors	2,90,000
From Bills receivable	1,00,000
Cash Payments:	
Salary	12,000
Wages	15,800
Bills Payable honoured	1,43,000
Payments to creditors	1,47,000
General Expenses	8,000
Drawings	45,000
Cash in Hand	14,900

Other Information:

	Rs.
Discount allowed	2,000
Discount received	1,000
Sundry Debtors on 31.12.2022	45,000
Sundry Creditors on 31.12.2022	38,000
Bills receivable on 31.12.2022	34,000
Bills payable on 31.12.2022	23,000
Stock in hand on 31.12.2022	53,000

Section-B

Answer any TWO of the following :

2×10= 20

4. Prepare Manufacturing Account from the following:

	Rs.
Stock at the beginning:	
Raw materials	80,000
Partly Finished goods	45,000
Finished goods	95,000
Freight and Octroi	9,000
Manufacturing wages	30,000
Gas, Electricity and Water	28,000
Stores consumed	20,000
Factory rent	12,000

8. A fire broke out in the premises of a trader on 10th July 2022. All the stocks were destroyed except to the extent of Rs. 20,000/-. From the following information compute the amount of claim.

Stock on 1st April 2022	Rs.	80,000
Purchases from 1st April 2022 up to 10th July 2022	Rs.	2,40,000
Sales from 1st April 2022 up to 10th July 2022	Rs.	2,50,000
Gross profit on sales	25%	

The stocks were insured for a sum of Rs. 60,000 with a provision of average clause.

9. Write short note on: a. Convention of Full disclosure b. Money measurement Concept

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
Management Principles and Applications

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) 'With scientific forecasting and proper methods of management, satisfactory results could be achieved' – In the light of this statement explain the Principles of Management offered by Henry Fayol.
- 2) Explain the process of Strategic Planning.
- 3) "Delegation is the essence of Management" Explain.
- 4) Explain different methods of training and development.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Explain the essence of managership.
- 6) Briefly explain the tools of Strategic planning.
- 7) Write a note on Informal Organisation.
- 8) Write a note on directive style of leadership.
- 9) Explain the need of Employee Training and Development.
- 10) Explain any five essentials of effective Coordination.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) State any four qualities of a manager.
- 12) State any two merits of SWOT Analysis.
- 13) What is meant Span of Authority?
- 14) What is meant Job Description?
- 15) What is meant by Horizontal Communication?
- 16) What is meant by CPM?
- 17) What is meant by Coordination?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.COM. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
International Financial Accounting

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Mattie set up a company and in the first nine days of trading the following transactions occurred:
- 1 January Mattie subscribed for \$10,000 of share capital in the newly formed company, paying by cheque.
 - 2 January Mattie purchased supplies costing \$4,000 and paid by cheque.
 - 3 January Mattie purchased a delivery van for \$2,000 and paid by cheque.
 - 4 January Mattie purchased \$1,000 of purchases on credit.
 - 5 January Mattie sold goods for \$1,500 and received a cheque for that amount.
 - 6 January Mattie sold all remaining goods for \$5,000 on credit.
 - 7 January Mattie paid \$800 to the supplier by cheque.
 - 8 January Mattie paid rent of \$200 by cheque.
- Journalize the transactions and complete the relevant ledger accounts.

- 2) a) Using the continuous weighted average cost method to value closing inventory, what is the value of the cost of sales for April based on the following information? (7 marks)

- 1 April Opening inventory 4 units at a cost of \$4.00 per unit
- 12 April Purchased 10 units at a cost of \$5.00 per unit
- 15 April Sold 6 units at a price of \$8 per unit
- 17 April Purchased 10 units at a cost of \$6.00 per unit
- 25 April Sold 8 units at a price of \$8.50 per unit

b) Your business values inventory using the periodic weighted average cost method. At 1 October 20X8, there were 60 units in inventory valued at \$12 each. On 8 October, 40 units were purchased for \$15 each, and a further 50 units were purchased for \$18 each on 14 October. On 21 October, 75 units were sold for \$1,200.

What was the value of closing inventory at 31 October 20X8? (5 marks)

c) Wei is a book wholesaler. On each sale, a commission of 4% is payable to the selling agent. The following information is available in respect of the total inventories of three of the most popular titles at Wei's financial year-end:

	Cost \$	Selling price \$
Henry VII – Shakespeare	2,280	2,900
Dissuasion – Jane Armstrong-Siddeley	4,080	4,000
Pilgrim's Painful Progress – John Bunion	1,280	1,300

What is the value of these inventories in Wei's statement of financial position?

(3 marks)

3) Max prepared a trial balance for the business at 30 April 20X3 which is presented below.

	Dr \$	Cr \$
Capital account – 1 May 20X2		30,000
Finance costs	300	
Bank		7,400
Administrative expenses	65,800	
Distribution expenses	31,200	
Plant and machinery – cost	72,000	
Plant and machinery – accumulated depreciation at 1 May 20X2		25,000
Trade receivables	20,000	
Allowance for receivables – 1 May 20X2		3,150
Revenue		230,000
Inventory – 1 May 20X2	18,750	
Drawings	18,000	
Trade payables		17,500
Purchases	90,000	
6% Loan – repayable 31 July 20X5		3,000
	316,050	316,050

The following notes are relevant to the preparation of the financial statements for the year ended 30 April 20X3:

- Max took goods that cost \$5,000 for personal use during the year, but this has not been recorded.
- It has been determined that trade receivables of \$600 are irrecoverable. In addition, it was decided that the allowance for receivables should be reduced by \$500.
- Depreciation on plant and machinery is charged at 15% per annum on a reducing balance basis. Depreciation is charged to the cost of sales.
- The loan was taken out on 1 August 20X2 and interest has not yet been paid or accrued.
- Closing inventory had been valued at \$17,500. It was subsequently discovered that some items of inventory that had cost \$5,000 had a net realizable value of \$3,750.
- On 30 April 20X3, a prepayment for insurance paid in advance of \$400 had not yet been accounted for. Insurance is classified as an administrative expense.
- On 30 April 20X3, an accrual for freight and delivery expenses amounting to \$350 had not yet been accounted for. Freight and delivery expenses are classified as distribution expenses.

Prepare a statement of profit or loss of Max for the year ended 30 April 20X3 and a statement of financial position as at 30 April 20X3.

- 4) H acquired 90% of the equity share capital of S on 1 January 20X2 when the retained earnings of S were \$5,000. Statements of financial position at 31 December 20X3 were as follows:

	H	S
	\$000	\$000
Non-current assets	100	30
Investment in S at Cost	34	-
	134	30
Current assets		
Inventory	90	20
Receivables	110	25
Bank	10	5
	344	80
Equity and liabilities:		
Equity:	\$000	\$000
The share capital of \$1 each	15	5
Retained earnings	159	31
	—	—
	174	36
Noncurrent liabilities	120	28
Current liabilities	50	16
	—	—
	344	80
	—	—

- S sold goods to H at a transfer price of \$18,000, including a markup of 50%. Two thirds of those goods remained in inventory at the year end.
 - The current accounts in H and S stood at \$22,000 on that day.
 - The H group uses the fair value method to value the noncontrolling interest. The fair value of the noncontrolling interest at acquisition was \$4,000.
- Prepare the consolidated statement of financial position for the H Group, as of 31 December 20X3.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- ABC Co sold goods with a list price of \$1,400 to Green which was subject to trade discount of 4% and early settlement discount of 5% if the invoice was paid within 7 days. The normal credit period available to credit customers is 30 days from invoice date. At the point of sale, Green was expected to take advantage of the early settlement discount terms offered. If, on this occasion, Green did not pay within the settlement discount period, what

accounting entries should be made by ABC Co to record settlement of the amount outstanding?

- 6) i) Identify whether each of the following statements relating to the accounting treatment of inventory and work in progress in financial statements is true or false. (3 marks)

	True	False
Inventory should be valued at the lower of cost, net realizable value, and replacement cost.		
When valuing work in progress, materials costs, labor costs, and variable and fixed production overheads must be included.		
Inventory items can be valued using either first in, first out (FIFO) or weighted average cost.		
An entity's financial statements must disclose the accounting policies used in measuring inventories.		

ii) What journal entry is required to record goods taken from inventory by the owner of a business for personal use? (2 marks)

- 7) Billie started a business providing limousine taxi services on 1 January 20X5. In the year to 31 December Billie incurred the following costs:

	\$
Office premises	250,000
Legal fees associated with purchase of office	10,000
Cost of materials and labour to paint office in Bilbo's favourite colour, purple	300
Mercedes E series estate cars	116,000
Number plates for cars	210
Delivery charge for cars	180
Road licence fee for cars	480
Drivers' wages for first year of operation	60,000
Blank taxi receipts printed with Bilbo Baggins' business name and number	450

What amounts should be capitalised as 'Land and buildings' and 'Motor vehicles'?

- 8) The draft financial statements of Madras, an entity, for the year ended 31 December 20X6 are currently under review. The following points have been raised:
- An ex-employee has started an action against Madras for wrongful dismissal. The entity's legal team have stated that the ex-employee is not likely to succeed. The following estimates have been given by the lawyers relating to the case:
 - Legal costs (to be incurred whether the claim is successful or not) \$5,000
 - Settlement of claim if successful \$15,000 Currently no provision has been made by Madras in the financial statements.
 - A customer has made a claim against Madras for injury suffered following the purchase and use of a defective product. Legal advisers have confirmed that Madras will probably have to pay financial compensation of \$100,000 to the customer. In turn, Madras has made

a counter-claim against the supplier of the defective product for \$100,000 and believes it is probable that its claim against the supplier will be successful.

State with reasons what adjustments, if any, should be made by Madras in the financial statements.

- 9) Choc Co estimated last year's tax charge to be \$230,000. Choc Co's tax advisor settled the amount due with the tax authorities at \$222,000. The difference arose because Choc Co's financial statements were submitted sometime before the tax computation was finalised. Therefore the directors had to make a prudent estimate of the potential tax liability to include in the financial statements. This year, Choc Co estimated its tax bill to be \$265,000, but it is a little confused as to how this should be reflected in the financial statements. What is the amount of tax charge and tax payable to be shown in the financial statements in the current year?

- 10) a. R Co had the following details extracted from its statement of financial position:

	\$000
Inventory	3,800
Receivables	2,000
Bank overdraft	200
Payables	2,000

Based upon the available information, what was the quick (acid test) ratio of R Co? (2.5 marks)

- b. The following extract relates to R Co 20X6 and 20X5:

	20X6	20X5
Statement of profit or loss extract	\$	\$
Cost of sales	55,000	48,000
	—	—
Statement of financial position extract		
Trade payables	4,400	5,300
Overdraft	120	960

Calculate the payables payment period of R Co for 20X6 and 20X5. (2.5 marks)

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Which of the following statements is correct?

1. The going concern concept guarantees that a business will continue in operational existence for at least twelve months after the reporting date.
2. To comply with the law, the legal form of a transaction must always be reflected in financial statements.
3. If a non-current asset initially recognised at cost is revalued, the surplus must be credited in the statement of cash flows.
4. In times of rising prices, the use of historical cost accounting tends to understate assets and overstate profits.

- 12) Classify each of the following statements as being true or false in relation to the characteristics of a partnership.

	True	False
Each partner is entitled to participate in the management and running of the business		
There must be a formal partnership agreement signed by all partners which specifies the respective rights, duties and obligations of the partners to each other		

- 13) What is the correct accounting treatment for an intangible asset with an indefinite useful life?
1. It is recognised at cost for as long as the entity has the intangible asset.
 2. It is recognised at cost and is subject to an annual impairment review.
 3. It is recognised at cost and the entity must make an estimate of estimated useful life so that it can be amortised.
 4. It cannot be recognised as an intangible asset as it would not be possible to calculate an annual amortisation charge.
- 14) A business rents out a property at an income of \$4,000 per month. \$64,000 has been received in the year ended 31 December 20X5. What is the year-end liability and what is the rental income for the year?
- 15) When an entity pays a dividend, what accounting entries are required to account for the transaction?
- 16) Which accounting concept requires that amounts of goods taken from inventory by the proprietor of a business are treated as drawings?
1. Accruals
 2. Prudence
 3. Separate entity
 4. Substance over form
- 17) In relation to statements of cash flows, are the following statements true or false?

	True	False
The direct method of calculating net cash from operating activities leads to a different figure from that produced by the indirect method, but this is balanced elsewhere in the statement of cash flows.		
An entity making high profits must necessarily have a net cash inflow from operating activities.		

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.COM. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
Performance Management

Duration:2 Hours

Max Marks:60

SECTION – A**Answer any TWO questions:****(15×2= 30)**

1) Saturn, a chocolate manufacturer, produces three products:

- 1.The Sky Bar, a bar of solid milk chocolate.
2. The Moon Egg, a fondant filled milk chocolate egg.
3. The Sun Bar, a biscuit and nougat based chocolate bar.

Information relating to each of the products is as follows:

Direct labour cost per unit	Sky Bar	Moon Egg	Sun Bar
(\$)	0.07	0.14	0.12
Direct material cost per unit (\$)	0.17	0.19	0.16
Actual production/sales (units)	500,000	150,000	250,000
Direct labour hours per unit	0.001	0.01	0.005
Direct machine hours per unit	0.01	0.04	0.02
Selling price per unit (\$)	0.50	0.45	0.43

Production overheads were as follows:	\$
Machining costs	5,000
Component costs	15,000
Set-up costs	30,000
Packing costs	30,000
Production overhead	80,000

Cost driver data:			
	Sky Bar	Moon Egg	Sun Bar
Actual production/sales units	500,000	150,000	250,000
Machine hours per unit	0.01	0.04	0.02

Number of production set-ups	3	1	26
Number of components	4	6	20
Number of customer orders	21	4	25

Using ABC, calculate the full production cost per unit and the profit per unit for each product.

- 2) a) Wolf Ltd has budgeted sales of 6,500 units but actually sold only 6,000 units. Its standard cost card is as follows:

	\$
Direct material	25
Direct wages	8
Variable overhead	4
Fixed overhead	18
Total standard cost	55
Standard gross profit	5
Standard selling price	60

The actual selling price for the period was \$61. Calculate the sales price and sales volume variance for the period: Using absorption costing and marginal costing. (5 marks)

- b) Thames operates a standard costing system. The standard direct materials to produce 1,000 units of output is as follows:

Material grade	Input quantity (kgs)	Standard price per kg (\$)
A	600	1.10
B	240	2.40
C	360	1.50

During April the actual output of the product was 21,000 units. The actual materials issued to production were:

Material grade	Quantity (kgs)
A	14,000
B	5,500
C	5,500

Calculate the material mix variance for each material, and in total. (5 marks)

- c) A company manufactures a chemical using two components, A and B. The standard information for one unit of the chemical are as follows:

In a particular period, 160 units of the chemical were produced, using 1,000 kgs of material A and 1,460 kgs of material B.

Calculate the material usage, mix and yield variances for each material.

		\$
Material A	10 kg at \$4 per kg	40
Material B	20 kg at \$6 per kg	120
		160

(5 marks)

- 3) CAF Ltd produces a single large item of confectionary, Product S, which is sold for \$12 per unit. You have been provided with the following information about the 'S' for the forthcoming year:

Sales 6,000 units

Variable costs \$7 per unit

CAF's overheads are budgeted to amount to \$20,000. CAF's Financial Director has asked you to prepare some documents for a presentation to the Board of Directors.

a) Calculate, and briefly explain the significance of, CAF'S breakeven point and margin of safety, expressed as a percentage. **(3 marks)**

b) Based on CAF's information above, construct and explain the purpose of the three following charts

(i) A breakeven chart

(ii) A contribution graph

(iii) A profit – volume chart. **(12 marks)**

- 4) A Swiss watch making company wishes to determine the minimum price it should charge a customer for a special order of watches. The customer has requested a quotation for 10 watches (1 batch), but might subsequently place an order for a further 10. Material costs are \$30 per watch. It is estimated that the first batch of 10 watches will take 100 hours to manufacture and an 80% learning curve is expected to apply.

Labour plus variable overhead costs amount to \$3 per hour. Setup costs are \$1,000 regardless of the number of watches made.

a) What is the minimum price the company should quote for the initial order if there is no guarantee of further orders?

b) If the company was then to receive the follow-on order, what would the minimum price of this order be?

c) What would be the minimum price if both orders were placed together?.

d) Having completed the initial orders for a total of 20 watches (price at the minimum levels recommended in (a) and (b)), the company thinks that there would be a ready market for this type of watch if it brought the unit selling price down to \$45. At this price, what would be the profit on the first 140 'mass-production' watches (i.e. after the first 20 watches) assuming that marketing costs totalled \$250?

SECTION – B

Answer any **FOUR** questions :

(5×4= 20)

- 5) Explain the characteristics of Management Information System.
- 6) X Ltd makes three products, A, B and C, for which unit costs, machine hours and selling prices are as follows:

	Product A	Product B	Product C
Machine hours	10	12	14
	\$	\$	\$
Direct materials @ 50c per kg	7 (14 kg)	6 (12 kg)	5 (10 kg)
Direct wages @ \$7.50 per hour	9 (1.2 hours)	6 (0.8 hours)	3 (0.4 hours)
Variable overheads	3	3	3
	—	—	—
Marginal cost	19	15	11
Selling price	25	20	15
	—	—	—
Contribution	6	5	4
	—	—	—

Sales demand for the period is limited as follows

Product A	4,000
Product B	6,000
Product C	6,000

Company policy is to produce a minimum of 1,000 units of Product A. The supply of materials in the period is unlimited, but machine hours are limited to 200,000 and direct labour hours to 5,000.

Indicate the production levels that should be adopted for the three products in order to maximise profitability.

- 7) Companies X and Y are both involved in retailing. Relevant information for the year ended 30 September 20X5 was as follows:

	X	Y
	\$000	\$000
Sales revenue	50,000	200,000
Profit before tax	10,000	10,000
Capital employed	50,000	50,000

Prepare the following ratios for both companies and comment on the results:

- ROCE
- Profit Margin
- Asset Turnover.

- 8) Find the linear relationship between price (P) and the quantity demanded (Q) in relation to the following sales and demand data:

- Selling price of \$300 = sales of 500 units per month
- Selling price of \$330 = sales of 400 units per month

Using the price equation and assuming the variable cost per unit is \$90, calculate the optimum price, output and the maximum contribution.

- 9) You have the mineral rights to a piece of land that you believe may have oil underground. There is only a 10% chance that you will strike oil if you drill, but the profit is \$300,000. It costs \$20,000 to drill. The alternative is not to drill at all, in which case your profit is zero. Should you drill? Draw a decision tree to represent your problem.

- 10) The following is relevant for a production process for Period 1

Direct material cost	\$10,000
Direct labour cost	\$5,000
Overheads	\$3,000
Total costs	\$18,000

The process produces joint products A and B, which are then sold at the prices given below. The output figure represents all of the output from the process:

	Product A	Product B
Units of output	2,000	8,000
Price per unit	\$ 5	\$ 2.50

Calculate the cost of sales, and gross profit for products A and B assuming:

1. Joint costs are apportioned by market value
2. Joint costs are apportioned by production units.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

11) A company uses rolling budgeting and has a sales budget as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	\$	\$	\$	\$	\$
Sales	125,750	132,038	138,640	145,572	542,000

Actual sales for Quarter 1 were \$123,450. The adverse variance is fully explained by competition being more intense than expected and growth being lower than anticipated. The budget committee has proposed that the revised assumption for sales growth should be 3% per quarter.

Update the budget as appropriate.

12) Yellow sells two types of squash ball, the type A and the type B. The standard contribution from these balls is \$4 and \$5 respectively and the standard profit per ball is \$1.50 and \$2.40 respectively. The budget was to sell 5 type A balls for every 3 type B balls.

Actual sales were 240,000 balls which is 20,000 balls higher than budgeted. The actual sales included 200,000 of the type A balls. Yellow values its stock of balls at standard marginal cost.

Calculate the sales quantity variance.

13) X Limited manufactures a product that requires 1.5 hours of machining. Machine time is a bottleneck resource, due to the limited number of machines available. There are 10 machines available, and each machine can be used for up to 40 hours per week.

The product is sold for \$85 per unit and the direct material cost per unit is \$42.50. Total factory costs are \$8,000 each week.

Calculate throughput accounting Ratio.

14) An investment centre has reported a profit of \$28,000. It has the following assets and liabilities:

	\$	\$
Non-current assets		100,000
Inventory	20,000	
Trade receivables	30,000	

	50,000	
Trade payables	8,000	42,000
		1,42,000

Calculate the ROI for the division.

15) What is Product Line Pricing Strategy?

16) A company is choosing which of three new products to make (A, B or C) and has calculated likely pay-offs under three possible scenarios (I, II or III), giving the following pay-off table.

Profit (loss) Scenario	Product chosen		
	A	B	C
I	20	80	10
II	40	70	100
III	50	(70)	40

Using maximin, which product would be chosen?

17) Manuco company has been offered supplies of special ingredient Z at a transfer price of \$15 per kg by Helpco company, which is part of the same group of companies. Helpco processes and sells special ingredient Z to customers external to the group at \$15 per kg. Helpco bases its transfer price on full cost plus 25% profit mark-up. The full cost has been estimated as 75% variable and 25% fixed. Internal transfers to Manuco would enable \$1.50 per kg of variable packing cost to be avoided.

Discuss the transfer prices at which Helpco should offer to transfer special ingredient Z to Manuco if Helpco has an external market for all its production of Special Ingredient Z at a selling Price of \$15 per kg.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION JANUARY 2023
COMMERCE
Professional Accounting I

Duration:2 Hours

Max Marks:60

Section- A(compulsory)

I. Answer The Following Question :

1×20= 20

1. Briefly explain any 5 accounting concepts. **(5 marks)**
 2. From the following particulars ascertain the balance that would appear in the Bank Pass Book of A on 31st December, 2021.
 - a. The bank overdraft as per Cash Book on 31st December, 2021 Rs. 6,340.
 - b. Interest on overdraft for 6 months ending 31st December, 2021 Rs. 160 is entered in Pass Book.
 - c. Bank charges of Rs. 400 are debited in the Pass Book only.
 - d. Cheques issued but not cashed prior to 31st December, 2021, amounted to Rs. 11,68,000.
 - e. Cheques paid into bank but not cleared before 31st December, 2021 were for Rs. 22,17,000.
 - f. Interest on investments collected by the bank and credited in the Pass Book Rs. 12,00,000

(5 marks)
 3. State True/false for the following with reasons.
 - a. Selection of an inappropriate accounting policy decision will overstate the performance and financial position of a business entity every time.
 - b. As per future value, assets are carried at the amount of cash or cash equivalents that could currently be obtained by selling the assets in an orderly disposal.
 - c. International Financial Reporting Standards (IFRSs) are considered a “rules-based” set of standards.
 - d. Abnormal amounts of wasted materials, labour or other production overheads expenses are included in the costs of inventories.
 - e. Bank charges debited by the bank is an example of timing difference for the purposes of bank reconciliation.

(5 marks)
 - 4.a) What factors are considered for calculation of depreciation of a plant? **(3 marks)**
 b) Write short note on Depletion method of depreciation. **(2 marks)**

Section- B

II. Answer any Four of the following :

4×10= 40

2. A) From the following information prepare the Purchase. Book of M/s. Shyam & Co:
 - (i) Purchased from Red & Company on credit:
 - 10 pairs of black shoes.@ Rs. 800 per Pair.
 - 5 pairs of brown shoes @ 900 per pair
 - Less: Trade Discount @ 10%
 - (ii) Purchased Computer from M/s. Rahul. Enterprises on credit for Rs. 40,000.
 - (iii) Purchased from Blue & Company in cash:
 - 5 pairs of black shoes @ Rs. 700 per pair
 - 15 pairs of brown shoes@ Rs. 100 per pair
 - Less: Trade Discount @ 15%

(5 marks)
- B) State with reasons whether the following are Capital or Revenue Expenditure:
 - (1) Expenses incurred in connection with obtaining a license for starting the factory for Rs. 10,000.
 - (2) Rs. 1,000 paid for removal of Inventory to a new site.
 - (3) Rings and Pistons of an engine were changed at a cost of Rs. 5,000 to get fuel efficiency.

- (4) Money paid to Mahanagar Telephone Nigam Ltd. (MTNL) Rs. 8,000 for installing telephone in the office.
- (5) A factory shed was constructed at a cost of Rs. 1,00,000. A sum of Rs. 5,000 had been incurred in the construction of temporary huts for storing building material. **(5 marks)**
3. On 30th September, 2022, the bank account of XYZ, according to the bank column of the cash book, was overdrawn to the extent of Rs. 8,062. An examination of the Cash book and Bank Statement reveals the following:
- A cheque for Rs. 11,14,000 deposited on 29th September, 2022 was credited by the bank only on 3rd October, 2022.
 - A payment by cheque for Rs. 18,000 has been entered twice in the Cash book.
 - On 29th September, 2022, the bank credited an amount of Rs. 1,15,400 received from a customer of XYZ, but the advice was not received by XYZ until 1st October, 2022.
 - Bank charges amounting to Rs. 280 had not been entered in the cash book.
 - On 6th September 2022, the bank credited Rs. 30,000 to XYZ in error.
 - A bill of exchange for Rs. 1,60,000 was discounted by XYZ with his bank. The bill was dishonoured on 28th September, 2022 but no entry had been made in the books of XYZ.
 - Cheques issued upto 30th September, 2022 but not presented for payment upto that date totalled Rs. 13,46,000.
 - A bill payable of Rs. 2,00,000 had been paid by the bank but was not entered in the cash book and bill receivable for Rs. 60,000 had been discounted with the bank at a cost of Rs. 1,000 which had also not been recorded in cash book.
- You are required: To show the appropriate rectifications required in the cash book of XYZ, to arrive at the correct balance on 30th September, 2022 and to prepare a Bank Reconciliation Statement as on that date. **(10 marks)**
4. A) A firm purchased on 1st January, 2021 certain machinery for Rs. 5,82,000 and spent Rs. 18,000 on its erection. On July 1, 2021 another machinery for Rs. 2,00,000 was acquired. On 1st July, 2022 the machinery purchased on 1st January, 2021 having become obsolete was auctioned for Rs. 3,86,000 and on the same date fresh machinery was purchased at a cost of Rs. 4,00,000. Depreciation was provided for annually on 31st December at the rate of 10 per cent p.a. on written down value. Required, Prepare machinery account & depreciation account. **(8 marks)**
- B) Mention the Objectives for providing depreciation. **(2 marks)**
5. A) Manoj had the following bills receivables and bills payable against Sohan. Calculate the average due date, when the payment can be received or made without any loss of interest.

Date	Bills Receivable (Rs.)	Tenure	Date	Bills Payable (Rs.)	Tenure
01-06-2022	3,000.00	3 month	29-05-2022	2,000.00	2 month
05-06-2022	2,500.00	3 month	03-06-2022	3,000.00	3 month
09-06-2022	6,000.00	1 month	09-06-2022	6,000.00	1 month
12-06-2022	1,000.00	2 month			
20-06-2022	1,500.00	3 month			

15 August, 20220 was a Public holiday. However, 6 September, 2022 was also declared as sudden holiday. **(5 marks)**

B) Raj of Gwalior consigned 15,000 kgs of Ghee at Rs. 30 per kg to his agent Siraj at Delhi. He spent Rs.5 per kg as freight and insurance for sending the Ghee at Delhi.

On the way 100 kgs. of Ghee was lost due to the leakage (which is to be treated as normal loss) and 400 kgs. of Ghee was destroyed in transit. Rs. 9,000 was paid to consignor directly by the Insurance company as Insurance claim. Siraj sold 7,500 kgs. You are required to calculate:

- The amount of abnormal loss
- Value of stock at the end. **(5 marks)**

6. A manufacturer has the following record of purchases of a condenser, which he uses while manufacturing radio sets:

Date	Quantity (units)	Price per unit
Dec. 4	900	50
Dec. 10	400	55
Dec. 11	300	55
Dec. 19	200	60
Dec. 28	800	47
	2,600	

Record of issues

Date	Quantity (units)
Dec. 5	500
Dec. 20	600
Dec. 29	500
Total	1,600

With the data above, calculate the value of closing inventory by (i) FIFO & (ii) weighted average price method. Prepare the stock ledger as required. **(10 marks)**
