

CHOICE BASED CREDIT SYSTEM

B.Com FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024

COMMERCE

Financial Accounting I

Duration:3 Hours

Max Marks:120

I. Answer any THREE of the following :

(3×20= 60 Marks)

1. From the following Trial Balance of Prithvi as on 31.12.2020 prepare Final Accounts.

	Rs.	Rs.
Capital Account		120000
Drawings Account	15000	
Bills Receivable	22000	
Machinery	19000	
Depreciation on machinery	1000	
Debtors and creditors	60000	58000
Wages	40000	
Wages o/s		1000
Purchases and sales	252000	355000
Commission		5500
Rent and Taxes	6000	
Stock on 1.1 2020	90000	
Salaries	10500	
Travelling expenses	2000	
Insurance	600	
Repairs	3400	
Bad debts	3500	
Furniture	9000	
Returns	5000	2000
Cash In hand	500	

Cash at bank	2000	
	541500	541500
Adjustments:		
1) Stock on hand on 31.12.2020 Rs.1,00,000.		
2) Create 5% reserve on debtors for bad debts.		
3) Prepaid Insurance amounts to Rs.100.		
4) Commission earned but not received amounts to Rs.500.		
5) Salaries are unpaid to the extent of Rs.1,500		
6) Depreciate furniture by 10% per annum.		

2. Following is the Receipts and Payments *a/c* of Excell Well Sports Club for the year ending 31st March 2020.

Receipts	Rs.	Payments	Rs.
To Balance b/d	24,000	By Salary	36,000
To Entrance fees	5,000	By Upkeep of Ground	21,000
To Subscriptions	87,000	By Wages of Employees	24,000
To Concerts	15,000	By Ground Rent	1,500
To Interest on investments	5,000	By Printing & Postage	2,000
		By Repairs	1,750
		By Balance c/d	49,750
	136,000		136,000

- Subscriptions include Rs.5,000 for the last year
- Interest on Investment includes Rs.1,000 for the last year.
- Upkeep of grounds Includes Rs.3,000 for the last year.
- Wages of employees include Rs.1,500 for the last year.

Entrance fees are to be capitalized. Outstanding liabilities on 31.3.2020 are wages Rs.2,000; Printing Rs.1,000; and interest on investment Rs.1,200. Depreciate club premises by 2%; furniture by 5% and sports equipment by 33 1/3%. Ledger Balances at the beginning of the year:

Excess of Income over Expenditure Rs.89,000; Club premises Rs.3,00,000; Investments Rs.1,00,000; Sports equipments Rs.24,500 and furniture Rs.40,000. Prepare income and expenditure *A/c* for the year ending 31st March, 2020 and Balance Sheet as on that date.

3. On 1.1.2017 a company purchased machinery at a cost of Rs.40,000. In order to provide sufficient funds for the replacement of the machinery at the end of its life, it is decided to create a sinking fund and to invest the amount in securities yielding 6% interest. On 31.12.2020 the machinery is sold off as scrap at Rs.8,500. On the same date, investments are realized at 5% more than the book value. The annuity table shows that Rs.0.184650 at 6% interest will produce Re.1 after 4 years. (fractions to be rounded off).

Prepare the Machinery A/c, Depreciation Fund A/c and Depreciation Fund Investment A/c for 4 years.

4. An accountant could not tally the Trial Balance. The following errors were discovered before the preparation of final accounts:

1. Sales Returns book was overcast by Rs.900
2. Goods purchased from Madhukar on account for Rs.17,100 was passed through the Sales book.
3. A discount allowed Rs.460 was posted to the credit of discount account as Rs.640.
4. Received a bill from Kamath Rs.5,400 was passed through the Bills Payable Book.
5. An item of Rs.2,200 relating to Bad debts recovered was omitted to be brought forward.
6. Rs.4,000 paid to Sharma against our acceptance was debited to Verma's Account.
7. Rs.2460 paid for carriage on machinery purchased was debited to carriage account as Rs.1640
8. A cash sale of Rs. 9800 was posted as Rs. 8900 in the sales account.

You are required to:

- a) Pass Journal entries for the rectification of errors
- b) Prepare the Suspense A/c and
- c) Prepare the Statement showing the effect of rectification on profit.

II. Answer any FOUR of the following :

(4×10= 40 Marks)

5. Prepare Manufacturing Account from the following:

Stock at the beginning:	Rs.
Raw materials	80000
Partly Finished goods	45000
Finished goods	95000

Freight and Octroi	9000
Manufacturing wages	30000
Gas, Electricity and Water	28000
Stores consumed	20000
Factory rent	12000
Factory expenses	4000
Purchase of raw materials	85500
Return inwards	6500
Sales	300000
Stock at the close:	
Raw materials	90000
Partly Finished goods	125000
Finished goods	85000
Salary	5000
Commission	2200
Discount allowed	1200
Repairs to plant	2000

6. Skylab, Club Bangalore extracts the following Receipts and Payment Account for the year ending 31.12.2019. Prepare its Income and Expenditure Account.

Receipts and Payment Account for the year ending 31.12.2019

Receipts	Rs.	Payments	Rs.
To Cash in hand	11250	By Newspaper	7500
To Subscriptions	29000	By Salaries	20500
To Tournament Fund	7500	By Office expenses	12000
To Life membership fees	10000	By Sports equipment	
To Donation for club		purchased	11500
Building	15000	By Tournament expenses	4500
To Sale of newspaper	500	By Fixed deposit	20000
To Legacies	20000	By Cash balance	18250
	94250		94250

Adjustments:

- Subscriptions were outstanding on 31.12.2018 Rs.4500.
- Subscriptions received Rs.1000 for the year 2020.
- Sports equipment were valued on 31.12.2018 at Rs.5500 and on 31.12.2019 at Rs.10900
- Office expenses Rs.2000 is still payable for 2019.

7. On 1st January 2018, a manufacturer purchased machinery worth Rs.50,000. He further purchased machinery on 1st July 2019 costing Rs.10,000. On 1st July 2020, a machine costing Rs.5,000 on 1st January 2018 was sold for Rs.3,000. Show the Machinery Account in the books of the manufacturer charging depreciation at 10% on Reducing Balance Method for the year 2018, 2019 & 2020.
8. The Cash book of Mr. Gopal shows Rs.18,500 as balance at Bank as on 31.12.2020, but this does not agree with the balance as per his Bank Statement. On scrutiny, you find the following discrepancies:
1. On 15th December 2020, the payment side of the cash book was under cast by Rs.100.
 2. A cheque for Rs.1300 issued on 25th December 2020 was taken in the cash column.
 3. Of the total cheques amounting to Rs.11,500 drawn in the last week of December 2020, cheques aggregating Rs.7,800 were encashed in December.
 4. Dividends of Rs.250 collected by the Bank and subscription of Rs.100 paid by it have not been recorded in the cash book.
 5. One outgoing cheque of Rs.350 was recorded twice in the cash book.
 6. Cheques issued totaling Rs.1,500 were not presented prior to 31.12.2020.
 7. Cheque paid into the bank on 30.12.2020 for Rs.1,750, not credited by the bank till the end of the month.
- Prepare an Adjusted Cash Book & a Bank Reconciliation Statement in the books of Mr.Gopal.
9. Enter the following transactions in the necessary subsidiary books of Avinash Stationeries for the month of December 2020:
- 15 Sold 400 Notebooks @Rs. 25 each to Latha Agencies as per invoice no. 28, Trade discount allowed @ 7.5%
 - 18 Sold 450 Files @ Rs. 20 each to Bright Stationery Mart as per invoice no.34. Trade discount allowed @8%.
 - 23 Received 80 Notebooks as per credit note no.055 from Latha Agencies.
 - 28 Bright Stationery Mart returned 22 Files as per credit note no.011.

III. Answer any FOUR of the following :

(4×5= 20 Marks)

10. Explain the causes for the difference in Cash Balance as per Cash Book and Cash Balance as per Bank Statement.
11. Name the five types of errors an accountant can make while recording business transactions.
12. Journalise the following transactions in the books of a Sole trader Mrs. Deepa:
 - a) Bought Machinery for Rs. 25000, installation charges incurred thereon Rs.2500.
 - b) Paid Rent to the Landlord Rs.8000.
 - c) Paid Life Insurance Premium Rs.3300.
 - d) Withdrew cash from office to pay daughter's College fees Rs.12500
 - e) Invested further Rs.25000 into the business.
13. What is Financial Accounting? Mention any three features of Financial Accounting.
14. What is meant by Accounting Standards? Write any three objectives of Accounting Standards.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Management Principles and Applications

Duration: 2 Hours

Max Marks: 60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Briefly explain the features and importance of Management.
- 2) Explain the features and process involved in Strategic Planning.
- 3) What is meant by Delegation of Authority? Explain its benefits.
- 4) Describe Verbal and Non Verbal Communication.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Explain any five managerial styles.
- 6) Explain the objectives of Planning.
- 7) Write a note on Informal Organisation structure.
- 8) Explain any five features of Leadership.
- 9) Explain the importance of motivation.
- 10) Explain the recent issues in management.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) What is time study?
- 12) State the demerits of BCG Growth Share Matrix.
- 13) What is meant Span of Control?
- 14) What is meant Job Specification?
- 15) What is Transactional Leadership?
- 16) What is meant by Budgetary Control?
- 17) Define Coordination.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Principles of Marketing

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Elaborate the different types of marketing environment.
- 2) Elaborate the nature and importance of Consumer Behaviour.
- 3) Explain the stages involved in the development of a new product.
- 4) What are the types of promotion? Explain the factors affecting promotion mix decisions.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) State any five differences between selling and marketing.
- 6) Explain the process of target market selection.
- 7) Elaborate the elements of branding.
- 8) Elaborate the nature of promotion.
- 9) Explain search engine and mobile marketing.
- 10) Briefly explain the factors affecting promotion mix decisions.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Who is a marketer?
- 12) State the four P's of marketing mix.
- 13) What are industrial products?
- 14) Who are middlemen?
- 15) What is digital marketing?
- 16) What is green marketing?
- 17) What is skimming pricing?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024

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. The Romeo Cycle Ltd., Mumbai forwarded on 1st Jan, 2022, 200 bicycles to Juliet Traders, Mysore to be sold on consignment basis. The cost of one bicycle was Rs.300 but the Invoice price was Rs.400. The Romeo Cycles incurred Rs.2,000 towards Freight and Insurance. The Juliet Traders gave an acceptance for Rs.20,000 in favour of the Romeo Cycles Ltd. The acceptance was for 3 months. Two cycles were destroyed in transit and an amount of Rs.400 was received by the consignor from the Insurance Co. The Juliet Traders had spent Rs.800 as Rent and Rs.500 as Insurance, and had sold 160 bicycles at Rs.410 each cycle. The consignee is entitled to a commission of 5% on sales including a Del credere commission of 1%. The Juliet Traders were not able to recover sales proceeds of 10 bicycles because of insolvency of a debtor. The accounts are settled. Prepare: Consignment Account and Consignee's account in the books of the consignor and Bad debts account in the books of the consignee.
3. From the following information given by a trader Mr. Rajkumar, you are required to prepare a Trading and Profit and Loss Account for the year ended 31st March 2023 and a Balance Sheet as on that date:

Balance Sheet as at 1st April 2022

	Rs.		Rs.
Creditors	20000	Cash	5000
Bills Payable	40000	Bank	10000
Capital	100000	Bills Receivable	20000
		Debtors	25000
		Stock	20000
		Furniture	10000
		Plant	70000
	160000		160000

Cash Account for the year ended 31st March 2023

	Rs.		Rs.
To Balance		By Drawings	12000
Cash 5,000		By Wages	20000
Bank 10,000	15000	By Creditors	35000
To Cash Sales	35000	By Bills Payable	60000
To Debtors	80000	By Expenses	30000
To Bills Receivable	75000	By Rates and Taxes	20000
		By Balance Cash	3000
		Bank	25000
	205000		205000

Additional Information:	Rs.
Debtors on 31.3.2023	40000
Creditors on 31.3.2023	25000
Bills Receivable on 31.3.2023	30000
Bills Payable on 31.3.2023	50000
Stock on 31.3.2023	30000
B/R endorsed to Creditors	15000
Discount allowed	1000
Discount Received	2000

Section-B

Answer any TWO of the following :

2×10= 20

4. From the following information, prepare a Manufacturing Account for the year ending 31.12.2022.

	Rs.
Work in progress (01.01.2022)	4,000
Raw Material (31.12.2022)	90,000
Carriage Inwards	3,000
Sale of Scrap	1,000
Work in progress (31.12.2022)	5,000
Raw materials (01.01.2022)	74,000
Purchase of Materials	45,000
Factory Rent	10,000
Wages	20,000
Salary of works manager	8,000
Power and Water	6,000
Fuel	4,000

8. A fire occurred on 30.4.2022 in the godown of Balaram. From the following figures, ascertain the claim to be lodged:

	Rs
Stock on 1.01.2022	30,000
Purchases from 1.01.2022 to the date of fire	2,40,000
Goods used by the trader	10,000
Sales from 1.01 2022 to the date of fire	1,60,000

The rate of gross profit is 20% on Sales.

The stock salvaged was valued at Rs.9000

9. What is meant by Accounting Conventions? Name the four Accounting Conventions.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Financial Accounting

Duration:3 Hours

Max Marks:80

Section A

I. Answer any **THREE** questions

(3×15= 45)

1. From the following Trial Balance from the books of Kumar, prepare a Trading and Profit & Loss A/c for the year ending 31 March 2024 and a Balance Sheet as on that date.

	Dr. Rs.	Cr. Rs.
Capital	—	98,400
Drawings	5,000	—
Plant & Machinery	60,000	—
Stock on 1-4-2023	40,000	—
Furniture	15,000	—
Insurance	3,800	—
Purchases and Sales	86,300	1,25,200
Returns	200	300
Bills Receivables and Payables	12,500	6,200
Carriage on Purchases	900	—
Carriage on Sales	1,600	—
Wages	3,400	—
Salaries	6,800	—
Debtors and Creditors	33,000	47,000
Bad debts	800	—
Provision for doubtful debts	—	1,200
Discount	600	500
Cash at Bank	5,200	—
Cash in Hand	1,200	—
Bad debts recovered	—	300
Depreciation on Machinery	2,800	—
	2,79,100	2,79,100

Adjustments:

- Debtors include Rs.1,500 due from the Proprietor.
 - Write off Rs.1,000 from Debtors and raise the Provision for doubtful debts to 5% of Debtors.
 - Insurance prepaid on 31-3-2024 Rs.250.
 - A fire occurred in the godown on 5th January 2024 and stock of the value of Rs.10,000 was destroyed. The insurance claim admitted by the Insurance Co. amounted to Rs.7,000.
 - Closing Stock is valued at Rs.30,000.
2. Nandini Ltd. Bengaluru consigned 10,000 Kgs of ghee costing Rs.100 per Kg to Navmi Ltd. of Mangaluru at an invoice price of Rs.120 per Kg. Nandini Ltd. spent Rs.7,000 on freight and Rs.3,000 on insurance. Five containers containing 250 kg of ghee was destroyed in transit. The insurers settled the claim by paying Rs.25,000 to Nandini Ltd.

Navmi Ltd. accepted a bill for Rs.7,00,000 as advance payment and spent Rs.2,000 as rent and Rs.1,000 as selling expenses. They reported that 5000 kg. of ghee was sold at Rs.120 per kg and 3000 kg. of ghee was sold at Rs.118 per kg.

Their commission was 5% on sale proceeds. The agents remitted a draft for the balance.

Prepare in the Books of Nandini Ltd.:

- a) Consignment A/c and b) Navmi Ltd.'s. A/c

3. The books of Ms. Rakhee showed the following figures:

	31-12-2022	31-12-2023
	Rs.	Rs.
Cash at Bank	3,000	19,100
Cash in Hand	400	850
Stock in Trade	22,000	25,000
Sundry Debtors	--	35,000
Sundry Creditors	23,400	18,500
Fixtures and Fittings	3,000	2,800

The Cash Book analysis showed the following particulars:

	Rs.
Receipts from Customers	1,35,000
Discount allowed to them	1,400
Further Capital introduced on 1 st July 2023	2,000
Salaries up to 30 th Nov. 2023	11,000
Office Rent up to 30 th Nov. 2023	2,200
Advertising	900
General Expenses	3500
Drawings	6,600
Payment to Trade Creditors	1,12,000
Discount allowed by them	1,200

No ready figures are available for total sales but Ms. Rakhee maintains a steady gross profit of 25% on sales. There were bills outstanding for Advertising Rs.100. Charge 5% interest on Capital. Difference in the Cash book should be treated as cash sales.

Prepare Trading and Profit & Loss Account for the year ended 31st December 2023 and a Balance Sheet as at that date.

4. A fire broke out in the warehouse of Twinkle Traders on 30th June 2024. The trader wishes to file a claim with the insurance company for the loss of stock. Prepare a statement showing the amount to be claimed.

The last accounts of the traders were prepared on December 31, 2023.

Sundry debtors on 31.12.2023	Rs.40,000
Cash received from debtors (from 1.1.2024 to 30.6.2024)	Rs.1,44,000
Sundry debtors on 30.6.2024	Rs.30,000
Stock on 31.12.2023	Rs.15,000
Purchases from 1.1.2024 to 30.6.2024	Rs.1,25,000
Stock Salvaged	Rs. 1,800
The Insurance Policy subject to average clause	Rs. 25,000

Rate of Gross profit is 25% on Cost.

Section B

II. Answer any TWO questions

(2×10= 20)

5. Prepare Manufacturing account from the following details of Mr. Shakti:

	Rs.		Rs.
Stock at commencement:			
Raw materials	15000	Depreciation on Plant	1600
Partly finished goods	25000		
Finished goods	7500		
Factory expenses	3200	Return outwards	7500
Purchase of raw materials	65500	Sales	300000
Return inwards	15000	Salary	15000
Freight and octroi	7200	Carriage outwards	3200
Manufacturing wages	2070	Royalty paid	1700
Gas, electricity and water	1800		
Stores consumed	1000		
Scrap sold	2500		
Stock at close:			
Raw materials	16000		
Partly finished goods	13000		
Finished goods	8500		

Adjustment: Materials worth Rs. 3400 were used by the proprietor.

6. 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

7. Arun Furniture Mart of Mangalore consigned to Aparna Furniture Mart of Mysore, 100 tables costing Rs. 250 each. They paid Rs.2,000 for packing and insurance.

Aparna Furniture Mart received the tables and paid Rs.1,000 for carriage. They sold 70 tables at an average price of Rs.500 per table and their selling expenses being Rs.800. They remitted the balance by a bank draft after deducting their expenses and commission on sales at 10%.

Prepare Consignment Account in the books of the consignor.

Section C

III. Answer any THREE questions

(3×5= 15)

8. From the following trial balance of Mr. Murugan, prepare Trading Account for the year ending 31st December, 2023, from the following information:

	Dr (Rs.)	Cr (Rs.)
Capital	—	80000
Stock on 1.1.2023	12200	—
Cash	8000	—
Debtors & Creditors	26000	28000
Purchases & Sales	90000	127000
Returns	4000	5000
Freight	8000	—
Salaries	31000	—
Wages	5800	—
Outstanding wages	—	1800
Rent	12000	—
Miscellaneous receipts	—	8300
Drawings	9000	—
Furniture	30000	—
Depreciation on furniture	4000	—
Bills receivable & Bills Payable	7000	10600
Prepaid Insurance	2900	—
Discount	1900	1600
Carriage inwards	5900	—
Carriage outwards	5600	—
Bad debts recovered	—	1000
	263300	263300

Adjustments: Closing Stock Rs.22,000

9. What is meant by Accounting Standards? Mention any four merits of Accounting Standards.
10. a. What is Consignment? Name the parties to consignment transactions.
b. State any three differences between Consignment & Sale.
11. A fire occurred on 30.9. 2024, in the godown of Akbar. From the following figures, ascertain the claim to be lodged:

Stock on 1.1.2024	Rs.17,000
Purchases from 1.1.2024 to the date of fire	Rs. 1,70,000
Wages paid for the above period	Rs.17,000
Sales from 1.1.2024 to the date of fire	Rs.2,00,000

The rate of gross profit is 25% on Cost. The stock salvaged was valued at Rs.4000.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Principles of Management

Duration:3 Hours

Max Marks:80

Section A

I. Answer any THREE questions**(3×15= 45)**

1. Briefly explain the features and importance of Management.
2. Explain the process of Strategic Planning.
3. Briefly explain the principles of Organising
4. Describe Herzberg's Two Factor Theory and Write a note on Vroom's Expectancy Theory of Motivation.

Section B

II. Answer any TWO questions**(2×10= 20)**

5. Explain the systems approach to the development of management theory.
6. Explain the importance of Planning.
7. Explain the purposes of Performance Appraisal.

Section C

III. Answer any THREE questions**(3×5= 15)**

8. Explain the types of organisation Structure.
 9. Explain the types of interviewing methods used by the Interviewer.
 - 10 Explain the principles of Coordination.
 11. Elaborate principles of Controlling.
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CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE

Corporate Etiquette and Soft Skills

Duration:3 Hours

Max Marks:80

Section A

I. Answer any THREE questions

(3×15= 45)

1. Analyze the role of communication in strengthening team building, innovation and workplace culture with relevant examples.
2. Draft an Enquiry letter to HW Company Mumbai, asking for their copy of their latest catalogue. State that you propose to stock watches for sale. Ask for their best trade terms for the supply of clocks and watches.
3. Outline the steps involved in the group decision-making process, emphasizing the importance of each step.
4. Define a business report and discuss its role in corporate decision-making. How do reports benefit various stakeholders?

Section B

II. Answer any TWO questions

(2×10= 20)

5. Discuss the importance of soft skills for entrepreneurs. Which soft skills are critical for entrepreneurial success?
6. Elaborate on Interpersonal Behaviour.
7. Elaborate on Technical barriers of communication.

Section C

III. Answer any THREE questions

(3×5= 15)

8. List out the five stages of the listening process.
 9. Explain any two functions of Business Letters.
 10. Elaborate on Delegation Skill.
 11. Why is it important to confirm attendance before a meeting?
- *****

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Reg No :

CHOICE BASED CREDIT SYSTEM

B.Com FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024

COMMERCE

Business Economics

Duration:3 Hours

Max Marks:80

I. Answer any THREE of the following :

(3×16= 48 Marks)

1. What is Perfect competition? Explain the price output determination under Perfect Competition.
2. Explain the law of Supply with the help of a table and a graph. What are the various determinants of Supply?
3. Critically examine the law of variable proportions.
4. What is Demand Forecasting? Explain the methods of Demand Forecasting.

II. Answer any THREE of the following :

(3×8= 24 Marks)

5. Distinguish between micro and macro economics.
6. Distinguish between Extension, Contraction and Shift in demand curve.
7. Explain the concepts of Total Revenue, Marginal Revenue and Average Revenue.
8. What are the factors determining price elasticity of demand?

III. Answer any FOUR of the following :

(4×2= 8 Marks)

9. Define Business Economics'.
10. What is meant by product differentiation?
11. What is Opportunity cost?
12. What is Consumer Surplus?
13. What is Price Discrimination?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024

COMMERCE

International Financial Accounting

Duration: 3 Hours

Max Marks: 80

Section A

I. Answer any THREE questions

(3×15= 45)

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. On 1 July 20X6 an entity, Pinto Co, had 10 items of inventory at a unit cost of \$8.50. Pinto Co, then made the following purchases and sales during a six-month period to 31 December 20X6:

Purchases:

Date	Quantity	Unit cost \$	Total cost \$
14 Oct X6	15	9.00	135.00
22 Nov X6	25	9.20	230.00
13 Dec X6	20	9.50	190.00
	60		555.00

Sales:

Date	Quantity	Unit Selling price	Total cost
		\$	\$
23 Aug X6	7	12.00	84.00
20 Oct X6	10	12.25	122.50
30 Nov X6	15	12.50	187.50
24 Dec X6	18	13.00	234.00
	50		628.00

Based upon the available information, calculate the closing inventory valuation at 31 December 20X6 using:

- the periodic weighted average cost
 - continuous weighted average cost.
3. Parul Page prints and publishes study materials. Parul prepared the following trial balance as at 30 June 20X7:

	Dr \$	Cr \$
Purchases	60,000	
Inventory at 1 July 20X6	10,000	
Sales		120,000
Distribution costs	13,200	
Administrative and selling expenses	5,600	
Trade receivables	12,200	
Irrecoverable debts	1,550	
Bank balance		4,150
Capital account at 1 July 20X6		73,100
Discount received		2,500
6% Bank loan		10,000
Non-current assets at carrying amount	102,500	
Capital introduced in the year		5,000

Loan interest paid	300	
Drawings	8,000	
Trade payables		5,600
Wages	15,000	
Suspense		8,000
	228,350	228,350

The following is to be taken into account

- Inventory valuation at 30 June 20X7 was \$12,000.
 - Parul decided to write off an irrecoverable debt of \$1,000. This should be accounted for as an administrative and selling expense.
 - The wages cost should be split equally between cost of sales and administrative and selling expenses.
 - The bank loan was taken out on 1 July 20X6.
 - The depreciation charge for the year of \$5,000 on property, plant and equipment has not yet been accounted for. It should be classified as a cost of sale.
 - The balance on the suspense account represents the proceeds from the disposal of an item of property, plant and equipment. At the date of disposal, that item had a net carrying amount of \$10,000. The gain or loss on disposal should be accounted for as a cost of sale. Prepare the statement of profit or loss for the year ended 30 June 20X7.
4. On 1 May 20X7 K acquired 60% of S, paying \$76,000 cash. The summarised statements of the financial position of the two entities on 30 November 20X7 were:

	K	S
	\$	\$
Noncurrent assets:		
Property, plant & equipment	138,000	115,000
Investments	98,000	—
Current assets: Inventory	15,000	17,000
Receivables	19,000	20,000

Cash	2,000	-
	272,000	152,000
Equity and liabilities:		
Equity: Share capital of \$1 each	50,000	40,000
Retained earnings	189,000	69,000
	239,000	109,000
Current liabilities:	33,000	43,000
	272,000	152,000

The following information is relevant

- At 30 November 20X7, the inventory of S included goods purchased at a cost of \$8,000 from K at cost plus 25%. None of the goods had been sold on by S by the reporting date.
- The K Group values the noncontrolling interest using the fair value method. At the date of acquisition the fair value of the 40% non controlling interest was \$50,000.
- S earned a profit after tax for the year of \$9,000 in the year ended 30 November 20X7. Prepare the consolidated statement of financial position of K Group, based upon the preceding illustration, as at 30 November 20X7.

Section B

II. Answer any TWO questions

(2×10= 20)

- Elaborate in detail financial accounting and management accounting.
- MaxCo owns a fish finger factory. The premises were purchased on 1 January 20X1 for \$450,000 and depreciation charged at 2% pa on a straight-line basis.

MaxCo now wishes to revalue the factory premises to \$800,000 on 1 January 20X7 to reflect its market value.

What is the balance on the revaluation surplus account after accounting for this transaction?

7. GB Co commenced trade on 1 January 20X4 and estimated that the tax payable for the year ended 31 December 20X4 was \$150,000.

In September 20X5, the accountant of GB Co received and paid a tax demand for \$163,000 for the year ended 31 December 20X4. At 31 December 20X5 it was estimated that GB Co owed \$165,000 for income tax in relation to the year ended 31 December 20X5.

Prepare the tax charge and income tax payable accounts for the years ended 31 December 20X4 and 20X5 and detail the amounts shown in the statement of financial position and statement of profit or loss in both years.

Section C

III. Answer any THREE questions

(3×5= 15)

8. At the beginning of the financial year, a business has \$1,500 of inventory left over from the preceding accounting period. During the year it purchases additional goods costing \$21,000 and makes sales totaling \$25,000. At the end of the year, there are \$3,000 of goods left that have not been sold. What is the gross profit for the year?
9. Jarah's business has an accounting year end of 31 December 20X1. Jarah rents factory space at a rental cost of \$5,000 per quarter, payable in arrears.

During the year to 31 December 20X1 payments of rent were made as follows:

- 31 March (for the quarter to 31 March 20X1) \$5,000
- 29 June (for the quarter to 30 June 20X1) \$5,000
- 2 October (for the quarter to 30 September 20X1) \$5,000

The final payment due on 31 December 20X1 for the quarter to that date was not paid until 4 January 20X2.

Show the ledger accounts required to record the above transactions.

10. Receivables at the start of the accounting period for Rubble's business were \$30,000. There were total receipts from customers of \$55,000 of which \$15,000 related to cash sales and \$40,000 related to receipts from receivables. Contras with payables in the year totalled \$3,000 and closing receivables were \$37,000.

What were total sales for the year?

11. At 1 December 20X5, Laurie owed the sales tax authorities \$23,778. During the month of December, Laurie recorded the following transactions:

- Sales of \$800,000 exclusive of 17.5% sales tax.
- Purchases of \$590,790 inclusive of sales tax of 17.5%.

What is the balance on Laurie's sales tax account at the end of December?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024

COMMERCE

Performance Management

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) a. You are given the following cost data:

Fixed costs \$250,000.

Variable costs \$6 per unit up to 5,000 units. 10% discount on all units purchased over 5,000 units.

Derive equations for the total cost function and calculate the total cost incurred to make 4,900 units. (3 marks)

- b. An opportunity arises to increase sales by 10,000 units:

Selling price of additional units = \$10

Variable cost of additional units = \$6

Fixed costs will increase by = \$50,000

Should the opportunity be accepted? (2 marks)

- c. The total fixed costs per annum for a company that makes one product are \$100,000, and a variable cost of \$64 is incurred for each additional unit produced and sold over a very large range of outputs. The current selling price for the product is \$160. At this price, 2,000 units are demanded per annum.

It is estimated that for each successive increase in price of \$5 annual demand will be reduced by 50 units. Alternatively, for each \$5 reduction in price, demand will increase by \$50 units.

Calculate the optimum output and price, assuming that if prices are set within each \$5 range there will be a proportionate change in demand also calculate the maximum profit earned by the company at this level of output. (5 marks)

- d. Find the linear relationship between price (P) and the quantity demanded (Q), i.e. find the straight-line demand equation, in relation to the following sales and demand data: Selling price of \$200 = sales of 1,000 units per month.

Selling price of \$220 = sales of 950 units per month.

Use this equation to predict the quantity demanded per month if the selling price is \$300. Using the price equation and assuming the variable cost per unit is \$100, calculate the optimum price, output and the maximum contribution. (5 marks)

- 2) Riki Ltd, produces and sells one product only. The standard cost and price for one unit being as follows:

	\$
Direct material A – 10 kilograms at \$12 per kg	120
Direct material B – 6 kilograms at \$5 per kg	30
Direct wages – 5 hours at \$8 per hour	40
Fixed production overhead	60
Total standard cost	250
Standard gross profit	50
Standard selling price	300

The fixed production overhead included in the standard cost is based on an expected monthly output of 750 units. Riki Ltd use an absorption costing system. During April the actual results were as follows:

	\$
Sales 700 units @ \$320	224,000
Direct materials:	
A: 7,500 Kg	91,500
B: 3,500 Kg	20,300
Direct wages 3,400 hours	27,880
Fixed production overhead	37,000
Gross Profit	47,320

Riki Ltd does not hold any inventories

You are required to reconcile budgeted profit with actual profit for the period, calculating the following variances:

Selling price, sales volume, material price, material usage, labour rate, labour efficiency, fixed overhead expenditure and fixed overhead volume.

- 3) 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

	Sky Bar	Moon Egg	Sun Bar
Direct labour cost per unit (\$)	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.

- 4) 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 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)

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Greenfields Ltd manufactures three products, W, X and Y. Each product uses the same materials and the same type of direct labour but in different quantities. The company currently uses a full cost-plus basis to determine the selling price of its products. This is based on full cost, using an overhead absorption rate per direct labour hour.

The direct costs of the three products are shown below:

	Product W	Product X	Product Y
Budgeted annual production, in units	15,000	24,000	20,000
Direct materials (\$ per unit)	\$35	\$45	\$30
Direct labour (\$10 per hour)	\$40	\$30	\$50

In addition to the above direct costs, Greenfields incurs annual indirect production costs of \$1,044,000.

An analysis of the company's indirect production costs shows the following:

	\$	Cost drivers
Material ordering costs	220,000	Number of supplier orders
General facility costs	824,000	Number of labour hours

The following additional data relate to each product:

	Product W	Product X	Product Y
Suppliers orders per line of products	120	180	100

Calculate the full cost per unit of each product, using ABC.

- 6) a. UU Company has been asked to quote for a special contract. The following information about the material needed has been given:

Material X: Book value	Scrap value	Replacement cost
\$5.00 per kg	\$0.50 per kg	\$5.50 per kg

The contract requires 10 kgs of Material X. There are 250 kgs of this material in inventory which was purchased in error over two years ago. If Material X is modified, at a cost of

\$2 per kg, it could then be used as a substitute for material Y which is in regular use and currently costs \$6 per kg.

What is the relevant cost of the materials for the special contract?

- b. VV Company has been asked to quote for a special contract. The contract requires 100 hours of labour. However, the labourers, who are each paid \$15 per hour, are working at full capacity.

There is a shortage of labour in the market. The labour required to undertake this special contract would have to be taken from another contract, Z, which currently utilises 500 hours of labour and generates \$5,000 worth of contribution. If the labour was taken from contract Z, then the whole of contract Z would have to be delayed, and such delay would invoke a penalty fee of \$1,000.

What is the relevant cost of the labour for the special contract?

- 7) The following figures are extracted from the accounts of Super Soups, a company selling gourmet homemade soups.

	20X9	20X8
	\$	\$
Total production costs	6,538,000	5,082,000
Gross profit	3,006,000	2,582,000

Operating profit	590,000	574,000
Total capital employed	6,011,000	5,722,000

Calculate the Profitability Ratios.

- 8) Shuffles Co uses fork-lift trucks in its warehouses. The management accountant is deciding which grade of trucks to buy based on the company's risk appetite. There are three grades of truck, the A series, B series and the C series. The decision for the truck is dependent on Shuffles Co's growth in its online market which could be at 15%, 30% or 40% for the next period.

The management accountant has correctly produced a pay-off table showing the daily contribution earned for each of the outcomes.

Pay-off table		Type of truck		
		A series	B series	C series
Growth rate	15%	\$2,400	\$1,800	\$3,600
	30%	\$1,400	\$1,900	\$4,500
	40%	\$4,900	\$2,800	\$3,900

- a. If Shuffles Co adopt the minimax regret approach to decision-making, which grade of truck will it purchase?
- b. Based upon the scenario information, if the probabilities of the given growth rates are 15%: 0.4, 30%: 0.25 and 40%: 0.35, and Shuffles Co is risk neutral, which grade of truck will it purchase?
- 9) The Alpha Company operates an absorption costing system and sells three products A, B and C. Each product line is managed by a divisional manager (Manager A, Manager B and Manager C) who is only responsible for his/her line of products. Sales budgets information on the three products is provided as follows:

Product	Sales units	Standard profit per unit	Budgeted profit
A	400 units	\$8	\$3,200
B	600 units	\$6	\$3,600
C	1,000 units	\$4	\$4,000

Actual sales are achieved at the standard selling price, as follows:

Product	Sales units	Standard profit per unit	Budgeted profit
A	300 units	\$8	\$2,400
B	700 units	\$6	\$4,200
C	1,200 units	\$4	\$4,800

Calculate is the sales quantity variance?

10) 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.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

11) Company A produces Product X and Product Y. Fixed overhead costs amount to \$200,000 every year. The following budgeted information is available for both

products for next year.

	Product X	Product Y
Sales price	\$50	\$60
Variable cost	\$30	\$45
Contribution per unit	\$20	\$15
Budgeted sales (in units)	20,000	10,000

Calculate the weighted average Contribution to sales ratio.

- 12) An organisation has the following contribution function:

Contribution = $5X + 10Y$ where

X = the number of units of product X produced,

and Y = the number of units of product Y produced.

A graph has identified that the optimal production plan exists at the point where the following two constraints cross:

Skilled labour: $6X + 4Y \leq 62,000$ Unskilled labour: $2X + 5Y \leq 50,000$

There is a maximum demand of 12,000 units of each product.

What is the number of units of Product X produced in order to maximise contribution?

- 13) An organisation is considering launching a new product. It will do so if the expected value of the total revenue is in excess of \$7,000. . After some investigation a number of probabilities for different levels of sales revenue are predicted; these are shown in the following table:

Probability	Revenue (\$)
0.10	2,000
0.30	4,000
0.40	12,000
0.20	20,000

Will the company launch the new product?

- 14) AW Inc produces two products, A and C. In the last year (20X4) it produced 640 units of A and 350 units of C incurring costs of \$672,000. Analysis of the costs has shown that 75% of the total costs are variable. 60% of these variable costs vary in line with the number of A produced and the remainder with the number of C. The budget for the year 20X5 is now being prepared using an incremental budgeting approach. The following additional information is available for 20X5:
1. All costs will be 4% higher than the average paid in 20X4.
 2. Efficiency levels will remain unchanged.

3. Expected output of A is 750 units and of C is 340 units.

What is the budgeted total variable cost of products A and C for the full year 20X5

- 15) An investment centre has net assets of \$800,000, and made profits before interest and tax of \$160,000. The notional cost of capital is 12%.
Calculate and comment on the RI for the period.
- 16) Alameda Ltd has two divisions, Division Alpha and Division Beta. Division Alpha makes widgets, which it can sell externally for \$45 as well as internally to Division Beta. The marginal cost of making a widget is \$30 per unit in Division Alpha, and the division has no spare capacity. Division Beta turns widgets into another product, the bidget, at a marginal cost of \$55 per unit. Division Beta can then sell bidgets externally for \$120 per unit. External sales of widgets incur a variable distribution cost of \$3 per unit. What is the optimal transfer price?
- 17) The first unit of a new product is expected to take 100 hours. An 80% learning curve is known to apply.
Calculate: the average time per unit for the first 10 units

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024

COMMERCE

Management Accounting

Duration: 3 Hours

Max Marks: 80

Section A

I. Answer any THREE questions (3×15= 45)

1. The following budgeted information comes from the accounting records of Smith

Original budget	
Sales units	1,000
	\$
Sales revenue	100,000
Direct material	40,000
Direct labour	20,000
Variable overhead	15,000
Fixed overhead	10,000
	<hr/>
Profit	15,000
	<hr/>

In a period where the actual sales were 1,200 units, 1,500 units & 1,700 units what would be the budgeted flexed profit?

2. Business had opening inventory of 300 units valued at \$4.50 per unit on 1 May. The following receipts and issues were recorded in May:

2 May Issue 200 units
 7 May Receipt 500 units @ \$4.80 per unit
 13 May Issue 400 units
 20 May Receipt 500 units @ \$5.00 per unit
 28 May Issue 450 units

Value Inventory as per FIFO, LIFO & AVCO

3. TG manufactures Product Z. Its standard selling price is \$55. The production and sales budget for the quarter ended 31 March 20X3 was 7,500 units. The standard specification per unit of Product Z comprises:

Direct labour 4 standard hours at \$6/hour

Direct material 1.2 kg at \$10/kg

Standard variable overhead 4 standard hours at \$1/hour Budgeted fixed overhead \$75,000 At the end of the quarter the management accounts showed the following:

units

Actual sales revenue \$424,270

Actual direct material (8,855 kg) \$89,436

Actual direct labour (31,570 hours) \$192,577

Actual variable overhead \$30,750

Actual fixed overhead \$72,400

Prepare a statement reconciling budgeted and actual profit in the quarter, using marginal costing.

Production and sales of Product Z in 7,700

4. LS Ltd has two production cost centres (Assembly and Finishing) and two production service cost centres (Maintenance and Canteen).

The following are budgeted costs for the next period:

Indirect materials	– \$20,000
Rent	– \$15,000
Electricity	– \$10,000
Machine depreciation	– \$5,000
Indirect labour	– \$16,520

The following information is available:

Area	Assembly	Finishing	Maintenance	Canteen	Total
(sqmetres)	1,000	2,000	500	500	4,000
kW hours consumed	2,750	4,500	1,975	775	10,000
Machine value (\$)	45,000	35,000	11,000	9,000	100,000
Staff	18	30	12	2	62
Direct labour hours	3,175	3,800	–	–	6,975
Indirect materials budget (\$)	7,000	8,000	3,000	2,000	20,000
Indirect labour budget (\$)	1,600	2,220	11,200	1,500	16,520

Prepare the overhead analysis sheet

Section B

II. Answer any TWO questions

(2×10= 20)

1. What are the problems associated with the use of Secondary data?
2. What are the merits and demerits of ABC method of alternative costing?
3. An analyst is considering two categories of company, A1 and A2, for possible investment. One of her assistants has compiled the following

information on the price-earnings ratios of the shares of companies in the two categories over the past year.

Price-earnings ratios	Number of category	
	A1 companies	A2 companies
4.95 – under 8.95	3	4
8.95 – under 12.95	5	8
12.95 – under 16.95	7	8
16.95 – under 20.95	6	3
20.95 – under 24.95	3	3
24.95 – under 28.95	1	4

Compute the standard deviations of these two distributions and comment.

Section C

III. Answer any THREE questions

(3×5= 15)

1. The total costs incurred at various output levels in a factory have been measured as follows:

Output units	Total Cost \$
26	6,566
30	6,510
33	6,800
44	6,985
48	7,380
50	7,310

Using the high/low method, analyse the total cost into fixed and variable components. Calculate the variable cost (VC) per unit

2. A company operates a piecework system of remuneration, but also guarantees its employees 75% of a time-based rate of pay which is based on \$19 per hour for an eight hour working day. Each unit should take 3 minutes to produce (standard time). Employees are paid based on the number of hours their output should have taken (standard hours). Piecework is paid at the rate of \$18 per standard hour. If an employee produces 200 units in eight hours on a particular day, what is the employee gross pay for that day?
3. A business has a job costing system and prices jobs using total absorption costing. The cost estimates for Job 264 are as follows:
- Direct materials 50 kg @ \$4 per kg
 - Direct labour 30 hours @ \$9 per hour
 - Variable production overhead \$6 per direct labour hour
- Fixed production overheads are budgeted as \$80,000 and are absorbed on the basis of direct labour hours. The total budgeted direct labour hours for

the period are 20,000. Other overheads are recovered at the rate of \$40 per job. Calculate the total job cost for Job 264.

4: A) A company makes two products – A and B. The products are sold in the ratio 1:1. Planned selling prices are \$100 and \$200 per unit respectively. The company needs to earn \$900,000 revenue in the coming year. Prepare the sales budget for the coming year.

B) A company makes two products, PS and TG. Forecast sales for the coming year are 5,000 and 1,000 units respectively. The company has the following opening and required closing inventory levels.

	PS units	TG units
Opening inventory	100	50
Required closing inventory	1,100	50

Required: Prepare the production budget for the coming year.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Performance Management

Duration:3 Hours

Max Marks:80

Section A

I. Answer any THREE questions

(3×15= 45)

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

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

Information relating to each of the products is as follows

	Sky Bar	Moon Egg	Sun Bar
Direct labour cost per unit (\$)	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 company manufactures Product RS. Each unit of RS sells for \$100. Variable costs are \$60 per unit. Fixed costs are \$250,000. The company budgets to produce 12,000 units in the next period.

a. Scenario I (7 ½ marks) – Calculate:

1. The break-even point (expressed in units and \$ of revenue).
2. The level of activity required to generate a profit of \$90,000 (expressed in units).
3. The margin of safety as a percentage.

Using graph paper, draw a profit-volume chart for scenario I.

b. Scenario II (7 ½ marks)– Using the graph drawn in (b), illustrate and explain the impact of a change in selling price to \$120 per unit, on:

1. The break-even point (expressed in units and \$ of revenue)
 2. The level of activity required to generate a profit of \$90,000 (expressed in units)
 3. The margin of safety, expressed in units and in % terms.
3. a) You are given the following cost data:
- Fixed costs \$250,000.
- Variable costs \$6 per unit up to 5,000 units. 10% discount on all units purchased over 5,000 units.
- Derive equations for the total cost function and calculate the total cost incurred to make 4,900 units. {3 marks}
- b) An opportunity arises to increase sales by 10,000 units:

- Selling price of additional units = \$10

- Variable cost of additional units = \$6
- Fixed costs will increase by = \$50,000

Should the opportunity be accepted? **(2 marks)**

c) The total fixed costs per annum for a company that makes one product are \$100,000, and a variable cost of \$64 is incurred for each additional unit produced and sold over a very large range of outputs. The current selling price for the product is \$160. At this price, 2,000 units are demanded per annum.

It is estimated that for each successive increase in price of \$5 annual demand will be reduced by 50 units. Alternatively, for each \$5 reduction in price, demand will increase by 50 units.

Calculate the optimum output and price, assuming that if prices are set within each \$5 range there will be a proportionate change in demand also calculate the maximum profit earned by the company at this level of output. **(5 marks)**

d) Find the linear relationship between price (P) and the quantity demanded (Q), i.e. find the straight-line demand equation, in relation to the following sales and demand data: Selling price of \$200 = sales of 1,000 units per month.

Selling price of \$220 = sales of 950 units per month.

Use this equation to predict the quantity demanded per month if the selling price is \$300. Using the price equation and assuming the variable cost per unit is \$100, calculate the optimum price, output and the maximum contribution. **(5 marks)**

4. Hilary Company (HC) provides skilled labour to the building trade. They have recently been asked by a builder to bid for a kitchen fitting contract for a new development of 600 identical apartments. HC has not worked for this builder before. Cost information for the new contract is as follows:

Labour for the contract is available. HC expects that the first kitchen will take 24 man-hours to fit but thereafter the time taken will be subject to a 95% learning rate. After 200 kitchens are fitted the learning rate will stop and the time taken for the 200th kitchen will be the time taken for all the remaining kitchens. Labour costs \$15 per hour.

	Hours worked	Overhead cost \$
Month 1	9,300	115,000
Month 2	9,200	113,600
Month 3	9,400	116,000
Month 4	9,600	116,800

HC normally works around 120,000 labour hours in a year. HC uses the high low

method to analyse overheads.

The learning curve equation is $y = ax^b$, where $b = \log r / \log 2 = -0.074$

a. Calculate the total cost including all overheads for HC that it can use as a basis of the bid for the new apartment contract. (13 marks)

b. If the second kitchen alone is expected to take 21.6 man-hours to fit demonstrate how the learning rate of 95% has been calculated. (2 marks)

Overheads are absorbed on a labour hour basis. HC has collected overhead information for the last four months and this is shown below:

Section B

II. Answer any TWO questions

(2×10= 20)

5. 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.

6. a Wednesday Chemicals has one product, which requires inputs from three types of material to produce batches of Synthron. Standard cost details for a single batch are shown below:

Material type	Standard quantity	Standard price per
	(kgs)	kg (\$)
S1	8	0.30
S2	5	0.50
S3	3	0.40

A standard loss of 10% of input is expected. Actual output was 15,408 kgs for the previous week. Details of the material used were:

Material grade	Quantity (kgs)
S1	8,284
S2	7,535
S3	3,334

Calculate the individual material mix variance. (5 marks)

b.W 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.
 - Using marginal costing. (5 marks)
7. a. Explain the problems of having non-quantifiable objectives in Performance Management.(5 marks)
- b. Explain the problems of having multiple objectives in Not for Profit Organisations.(5 marks)

Section C

III. Answer any THREE questions

(3×5= 15)

8. A business manufactures a single product that it sells for \$10 per unit. The materials cost for each unit of product sold is \$3. Total operating expenses are \$50,000 each month.

Labour hours are limited to 20,000 hours each month. Each unit of product takes 2 hours to assemble.

- a. Calculate the throughput accounting ratio (TPAR).
 - b. If the sales price were increased to \$13.5, the time taken to make each product is now 1.75 hours, the operating expenses is \$45,000. What will be the new throughput accounting Ratio.
9. Shuffles Co uses fork-lift trucks in its warehouses. The management accountant is deciding which grade of trucks to buy based on the company's risk appetite. There are three grades of truck, the A series, B series and the C series. The decision for the truck is dependent on Shuffles Co's growth in its online market which could be at 15%, 30% or 40% for the next period.

The management accountant has correctly produced a pay-off table showing the daily contribution earned for each of the outcomes.

Pay-off table		Type of truck		
		A series	B series	C series
Growth rate	15%	\$2,400	\$1,800	\$3,600
	30%	\$1,400	\$1,900	\$4,500
	40%	\$4,900	\$2,800	\$3,900

- a. If Shuffles Co adopt the minimax regret approach to decision-making, which grade of truck will it purchase?
 - b. Based upon the scenario information, if the probabilities of the given growth rates are 15%: 0.4, 30%: 0.25 and 40%: 0.35, and Shuffles Co is risk neutral, which grade of truck will it purchase?
10. a.UU Company has been asked to quote for a special contract. The following information about the material needed has been given:

Material X:		
Book value	Scrap value	Replacement cost
\$5.00 per kg	\$0.50 per kg	\$5.50 per kg

The contract requires 10 kgs of Material X. There are 250 kgs of this material in inventory which was purchased in error over two years ago. If Material X is modified, at a cost of

\$2 per kg, it could then be used as a substitute for material Y which is in regular use and currently costs \$6 per kg.

What is the relevant cost of the materials for the special contract?

b. VV Company has been asked to quote for a special contract. The contract requires 100 hours of labour. However, the labourers, who are each paid \$15 per hour, are working at full capacity.

There is a shortage of labour in the market. The labour required to undertake this special contract would have to be taken from another contract, Z, which currently utilises 500 hours of labour and generates \$5,000 worth of contribution.

If the labour was taken from contract Z, then the whole of contract Z would have to be delayed, and such delay would invoke a penalty fee of \$1,000.

What is the relevant cost of the labour for the special contract?

11. a. Division B manufactures product X, and sells it to external customers for \$50. In order to manufacture product X, it needs component Y which it can either buy from an external supplier for \$20, or buy it internally from division S. Once it has purchased the component, Division B incurs an additional \$23 in variable costs before the final product is ready to sell. What is the maximum transfer price Division B will accept? **(2 marks)**

	Division A	Division B
	\$	\$
Profit	90,000	10,000
Capital employed	300,000	100,000
ROI	30%	10%

Company's required ROI = 18%

Assess the projects using ROI. **(3 marks)**

b. Two divisions of a company are considering new investments

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CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. I SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Professional Accounting – I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

I. Answer the following (Compulsory):**1 x 20 = 20****1. A) Journalise the following transactions in the books of Mr. Rohit:**

- (i) Purchased goods from Sahil for Rs. 50,000 plus CGST and SGST @ 9% each.
- (ii) Purchased goods from Sam for Rs. 40,000 at a trade discount of 10% plus CGST and SGST@9%each. Rs. 20,000 was paid immediately and balance payable after 3 months.
- (iii) Goods costing Rs. 20,000 withdrawn for personal use. Such goods were purchased by paying CGST and SGST @ 9% each.
- (iv) Paid rent to Gagandeep for Rs. 20,000 plus CGST and SGST @ 6% each.
- (v) Goods costing Rs. 5,000 (before trade discount of 10%) returned to Sam. Such goods were repurchased by paying CGST and SGST @ 9% each.
- (vi) Purchased furniture for Rs. 44,800 including IGST @ 12%.
- (vii) Purchased machinery from M/s Symphony industries for Rs. 1,40,000 plus CGST and SGST@9% each. Paid Rs.1,00,000 immediately and balance to be paid after two months.(10 Marks)

B) Classify the following items of receipts & expenditure as capital or revenue:

- (1) Overhauling expenses of Rs. 25,000 for the engine of a motor car to get better fuel efficiency.
- (2) Inauguration expenses of Rs. 25 lacs incurred on the opening of a new manufacturing unit in an existing business.
- (3) Compensation of Rs. 2.5 crores paid to workers, who opted for voluntary retirement.
- (4) Rs. 10,000 spent as travelling expenses of the directors on trips abroad for purchase of capital assets.
- (5) Amount received from Trade receivables during the year.
- (6) Amount spent on demolition of building to construct a bigger building on the same site.
- (7) Insurance claim received on account of a machinery damaged by fire. (7 Marks)

C) Differentiate between Provision and Contingent Liability. (3 Marks)

SECTION– B

II. Answer any SIX questions:**6 x 10 = 60**

2. M/s ABC Transport purchased 10 trucks at Rs. 45,00,000 each on 1st April 2021. On October 1st, 2023, one of the trucks is involved in an accident and completely destroyed and Rs. 27,00,000 is received from the insurance in full settlement. On the same date, another truck is purchased by the company for the sum of Rs. 50,00,000. The company write off 20% on the

original cost per annum. The company observe the calendar year as its financial year. You are required to prepare the motor truck account for two year ending 31stDec 2024. (10 Marks)

3. A) Sky Ltd. keeps no stock records, but a physical inventory of stock is made at the end of each quarter and the valuation is taken at cost. The company's year ends on 31st March, 2024 and their accounts have been prepared to that date. The stock valuation taken on 31st March, 2024 was however, misleading and you have been advised to value the closing stocks as on 31st March, 2024 with the stock figure as on 31st December, 2023 and some other information is available to you:

- i) The cost of stock on 31st December, 2023 as shown by the inventory sheet was Rs.80,000.
- ii) On 31st December, stock sheet showed the following discrepancies:
 - a) A page total of Rs. 5,000 had been carried to summary sheet as Rs. 6,000.
 - b) The total of a page had been undercast by Rs. 200.
- iii) Invoice of purchases entered in the Purchase Book during the quarter from January to March 2024 totaled Rs. 70,000. Out of this Rs. 3,000 related to goods received prior to 31st December 2023. Invoices entered in April 2024 relating to goods received in March 2024 totaled Rs. 4,000.
- iv) Sales invoiced to customers totaled Rs.90,000 from January to March 2024. Of this Rs.5,000 related to goods dispatched before 31st December 2023. Goods dispatched to customers before 31st March 2024 but invoiced in April, 2024 totaled Rs.4,000.
- v) During the final quarter, credit notes at invoiced value of Rs. 1,000 had been issued to customers in respect of goods returned during that period. The gross margin earned by the company is 25% of cost.

You are required to prepare a statement showing the amount of stock at cost as on 31st March 2024. (8 Marks)

B) State true or False with reasons:

- i) A building is considered inventory in a construction business.
- ii) Management has daily information about the quantity and valuation of closing stock under physical Inventory System. (2 Marks)

4. A) When Nikki & Co. received a Bank Statement showing a favourable balance of Rs.10,39,200 for the period ended on 30th June, 2024, this did not agree with the balance in the cash book. An examination of the Cash Book and Bank Statement disclosed the following:

1. A deposit of Rs. 3,09,200 paid on 29th June, 2024 had not been credited by the Bank until 1st July, 2024.
2. On 30th March, 2024 the company had entered into hire purchase agreement to pay by bank order a sum of Rs. 3,00,000 on the 10th of each month, commencing from April, 2024. No entries had been made in Cash Book.
3. A customer of the firm, who received a cash discount of 4% on his account of Rs. 4,00,000 paid the firm a cheque on 12th June. The cashier erroneously entered the gross amount in the bank column of the Cash Book.
4. Bank charges amounting to Rs. 3,000 had not been entered in Cash-Book.
5. On 28th June, a customer of the company directly deposited the amount in the bank Rs. 4,00,000, but no entry had been made in the Cash Book.
6. Rs. 11,200 paid into the bank had been entered twice in the Cash Book.
7. A debit of Rs. 11,00,000 appeared in the Bank Statement for an unpaid cheque, which had been returned marked 'out of date'. The cheque had been re-dated by the customer and paid into Bank again on 5th July, 2024.

Prepare Bank Reconciliation Statement on 30 June, 2024 (7 Marks)

B) State the three categories of causes of difference between the balance shown by the pass book and the cashbook. (3 Marks)

5. Give Journal entries in the books of Karan and Arjun for the following:

Karan sold to Arjun on 1st January, 2024, goods for Rs.1,06,000.

Arjun immediately accepted a three months bill. On due date Arjun requested that the bill be renewed for a fresh period of two months. Karan agrees provided interest at 9% p.a. was paid immediately in cash. To this Arjun was agreeable. The second bill was met on due date.

(10 Marks)

6. Shri Mittal gives you the following Trial Balance and some other information:

Trial Balances as on 31st March, 2024

Particulars	Dr. Rs.	Cr. Rs.
Capital		8,70,000
Purchases and Sales	6,05,000	12,10,000
Opening Inventory	72,000	
Trade receivables and Trade payables	90,000	1,70,000
14% Bank Loan (loan taken at year end)		2,00,000
Overdrafts (overdraft taken at year end)		1,12,000
Salaries	2,70,000	
Advertisements	1,10,000	
Other expenses	60,000	
Returns	40,000	30,000
Furniture	4,50,000	
Building	8,90,000	
Cash in Hand	2,000	
Input CGST	9,000	
Input SGST	9,000	
Output IGST		15,000
Total	26,07,000	26,07,000

Closing Inventory on 31st March, 2024 was valued at Rs. 1,00,000. Required: Prepare final accounts of Shri Mittal for the year ended 31st March, 2024. (10 Marks)

7. A) Briefly explain the 4 important Qualitative Characteristics of financial Statements.

(4 Marks)

B) The following are some of the transactions of M/s Kishore & Sons of the year 2024 as per their

Waste Book. Make out their Sales Book.

Sold to M/s. Gupta & Verma on credit:

30 shirts @ Rs. 800 per shirt.

20 trousers @ Rs.1,000 per trouser.

Less : Trade Discount @ 10%

Sold furniture to M/s. Sehgal & Co. on credit Rs.8,000.

6/11/24

20

- Sold 50 shirts to M/s. Jain & Sons @ Rs.800 per shirt.
- Sold 13 shirts to Cheap Stores @ Rs.750 each for cash.
- Sold on credit to M/s. Mathur & Jain.
- 100 shirts @ Rs. 750 per shirt
- 10 overcoats @ Rs.5,000 per overcoat.
- Less: Trade Discount @ 10%. (6 Marks)

8. A) A Plant & Machinery costing Rs. 50,00,000 is depreciated on straight line assuming 10 year working life and zero residual value, for four years. At the end of the fourth year, the machinery was revalued upwards by Rs. 2,00,000. The remaining useful life was reassessed at 8th year. Calculate Depreciation for the fifth year. (5 Marks)

- B) From the following information, calculate the historical cost of closing inventories using adjusted selling price method:
 - Purchase during the year – Rs.5,00,000
 - Sales during the year – Rs.7,50,000
 - Opening Inventory - NIL
 - Closing Inventory at selling price – Rs. 1,00,000 (5 Marks)

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE

Quantitative Techniques I

Duration: 2 Hours

Max Marks: 6

Section- A (compulsory)

I. Answer The Following Question :

1×20= 20

1. a) . Calculate the Mean and Median for the following frequency distribution

C.I	350-369	370-389	390-409	410-429	430-449	450-469
Frequency	15	27	31	19	13	6

(10 Mark:

b) Find the roots of the equation, $3x^2 - 14x + 16 = 0$

(2 marks)

c) Solve: $3x + 4y = 7$

$$4x - y = 3$$

(2 marks)

d) If α and β are the roots of the equation $2x^2 - 4x + 3 = 0$, find the value of $\alpha^2 + \beta^2$

(2 marks)

e) The roots of $x^3 + x^2 - x - 1 = 0$ are:

(a) $-1, -1, 1$

(b) $1, 1, -1$

(c) $-1, -1, -1$

(d) $1, 1, 1$

(2 marks)

f) The diagonal of a rectangle is 5 cm and one of its sides is 4 cm. Find its area.

(2 marks)

Section- B

II. Answer any Four of the following :

4×10= 40

2. a) In connection with a random experiment, it is found that $P(A) = 2/3$, $P(B) = 3/5$ and $P(A \cup B) = 5/6$. Evaluate the following probabilities:

(i) $P(A \cap B)$

(ii) $P(A \cap B')$

(5 Marks)

(b) If $\log_a(\sqrt{3}) = \frac{1}{6}$, find the value of 'a'

(3 marks)

(c) Simplify $\frac{2\alpha^{\frac{1}{2}} \times \alpha^{\frac{2}{3}} \times 6\alpha^{\frac{7}{3}}}{9\alpha^{\frac{5}{2}} \times \alpha^{\frac{3}{2}}}$ if $a = 4$

(2 marks)

3. a) Compute the mean deviation about the arithmetic mean for the following data:

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

(5 Marks)

b) Find three numbers in G.P whose sum is 19 and product is 216.

(3 marks)

c) Insert 3 geometric means between $1/9$ and 9

(2 marks)

4. (a) Which term of the progression $-1, -3, -5, \dots$ is -39 ? (2 marks)
(b) Find the sum of the series $9, 5, 1, \dots$ upto 100 terms. (3 marks)
(c) The odds in favour of an event is $2 : 3$ and the odds against another event is $3 : 7$. Find the probability that only one of the two events occurs. (5 Marks)
5. a) Solve $x : 4x - 3.2x + 2 + 25 = 0$ (5 marks)
b) In a study relating to the labourers of a jute mill in West Bengal, the following information was collected. Twenty per cent of the total employees were females and forty per cent of them were married. Thirty female workers were not members of Trade Union. Compared to this, out of 600 male workers 500 were members of Trade Union and fifty per cent of the male workers were married. The unmarried non-member male employees were 60 which formed ten per cent of the total male employees. The unmarried non-members of the employees were 80. On the basis of this information Calculate the ratio of married male non-members to the married female non-members. (5 Marks)
6. a) The ratio of two numbers is $7 : 10$ and their difference is 105. Find the numbers. (2 marks)
(b) A sum of money is to be distributed among A, B, C, D in the proportion of $5:2:4:3$. If C gets ₹1,000 more than D, what is B's share? (2 marks)
(c) Find The mean proportional between 24 and 54. (1 marks)
(d) A problem in probability was given to three CA students A, B and C whose chances of solving are $1/3, 1/5$ and $1/2$ respectively. What is the probability that the problem would be solved? (3 Marks)
(e) If $P(A) = a, P(B) = b$ and $P(A \cap B) = c$ then the expression of $P(A \cup B)$ in terms of a, b and c (2 Marks)
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CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE

Quantitative Techniques - I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

I. Answer the following: (Compulsory)

1 x 20 = 20

1. a) The two lines of regression are given by $8x + 10y = 25$ and $16x + 5y = 12$. If the variance of x is 25, what is the standard deviation of y ? **(5 Marks)**
- b) The following data relate to the mean and SD of the prices of two shares in a stock Exchange:

Share	Mean (in Rs)	SD (in Rs)
Company A	44	5.60
Company B	58	6.30

Coefficient of correlation between the share prices = 0.48

Find the most likely price of share A corresponding to a price of 60 of share B and also the most likely price of share B for a price of 50 of share A. **(10 Marks)**

- c) Find the GM for the following distribution:

X:	2	4	8	16
f:	2	3	3	2

(5 Marks)

SECTION– B

II. Answer any SIX questions:

6 x 10 = 60

2. a) Following are the wages of the labourers:
82, 56, 90, 50, 120, 75, 75, 80, 130, 65. Find D_6 and P_{82} . **(5 Marks)**
- b) In a class of 50 students, 10 have failed and their average marks in 2.5. The total marks secured by the entire class were 281. The average marks who have passed is: **(5 Marks)**
3. a) Calculate Mean Deviation about Mean & its Coefficient for the first 9 natural numbers. **(5 Marks)**
- b) The average salary of 50 men was Rs.80 but it was found that salary of 2 of them were Rs.46 and Rs.28 which was wrongly taken as Rs.64 and Rs.82. Calculate the revised average salary? **(5 Marks)**

4. a) A company's past 10 years average earning is 540 crores.
To have the same average earning for 11 years including these 10 years, how much earning must be made by the company in the eleventh year? (5 Marks)
- b) Find the standard deviation and the coefficient of variation for the following numbers:
5, 8, 9, 2, 6 (5 Marks)
5. a) While computing rank correlation coefficient between profits and investment for 10 years of a firm, the difference in rank for a year was taken as 7 instead of 5 by mistake and the value of rank correlation coefficient was computed as 0.80. What would be the correct value of rank correlation coefficient after rectifying the mistake? (5 Marks)
- b) Given the regression equations as $3x + y = 13$ and $2x + 5y = 20$, which one is the regression equation of y on x ? (5 Marks)
6. a) Following are the two normal equations obtained for deriving the regression line of y on x :
 $5a + 10b = 40$
 $10a + 25b = 95$
The regression line of y on x is given by (5 Marks)
- b) If x and y are related by $y = 2x + 5$ and the SD and AM of x are known to be 5 and 10 respectively, then the coefficient of variation is. (3 Marks)
- c) An aeroplane flies from A to B at the rate of 500 km/hour and comes back from B to A at the rate of 700 km/hour.
The average speed of the aeroplane is (2 Marks)
7. a) The median of $x, \frac{x}{2}, \frac{x}{3}, \frac{x}{5}$ is 10.
Find x where $x > 0$ (3 Marks)
- b) The average age of a group of 10 students was 20 years. The average age increased by two years when two new students joined the group. What is the average age of two new students who joined the group? (3 Marks)
- c) Mean and S.D. of x is 50 and 5 respectively. Find mean and S.D. of $\frac{x-50}{5}$ (4 Marks)
8. a) For a group of 60 boy students, the mean and SD of stats marks are 45 and 2 respectively. The same figures for a group of 40 girl students are 55 and 3 respectively. What is the mean and SD of marks if the two groups are pooled together? (5 Marks)
- b) If the first quartile is 142 and semi inter quartile range is 18, then the value of median is: (3 Marks)
- c) If x and y are related as $3x - 4y = 20$ and the quartile deviation of x is 12, then the quartile deviation of y is: (2 Marks)

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Business Economics

Time: 3 Hrs.

Max. Marks: 80

SECTION-A**I. Answer the following: (Compulsory)****1x 20 =20**

1. (a) What is Capitalist Economy? (2marks)
- (b) State any two countries which are examples of Capitalist Economy. (2marks)
- (b) Explain the characteristics of Capitalist Economy. (5 marks)
- (c) What are the merits of Capitalism? (6 marks)
- (d) What are the demerits of Capitalism? (5 marks)

SECTION-B**II. Answer any SIX questions:****6x 10 =60**

2. What are Indifference Curves? Explain the properties of indifference curves.
3. Explain the Internal & External Causes of Business Cycles.
4. (a) Calculate Marginal Utility from the following information and show the Marginal Utility Curve. – (6 marks)

Quantity of Tea Consumed (cups per day)	Total Utility
1	20
2	34
3	45
4	50
5	50
6	46

- (b) The law of diminishing marginal utility is applicable only under certain assumptions. Explain any four of the assumptions. (4 marks)

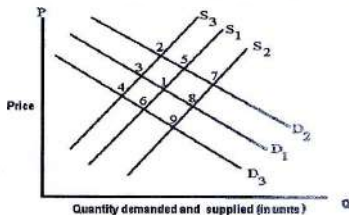
5. (a) From the following information, calculate Total Cost and show the short run total cost curves: (6 marks)

Output (Units)	Total Fixed Cost (TFC in Rs.)	Total Variable Cost (TVC in Rs.)
0	60	0
1	60	20
2	60	35
3	60	45
4	60	65
5	60	80
6	60	100

(b) Explain the characteristics of Land.(any four) (4 marks)

6. Explain Micro economics applied to internal or operational issues.

7. (a) D_1 and S_1 are the original demand and supply curves. D_2 , D_3 , S_2 and S_3 are possible new demand and supply curves. Starting from initial equilibrium point (1), what point on the graph is most likely to result from each change given in Questions (i) & (ii)? (4 marks)



i. Heavy rains in Maharashtra during 2005 and 2006 caused havoc with the rice crop. What point in the figure above is most likely to be the new equilibrium price and quantity?

ii. Assume that consumers expect the prices of new cars to significantly increase next year. What point in the figure above is most likely to be the new equilibrium price and quantity?

(b) Explain the characteristics of a perfectly competitive market. (6 marks)

8. (a) The price of 1kg of tea is Rs.30. At this price 5kg of tea is demanded. If the price of coffee rises from Rs.25 to Rs.35 per kg, the quantity demanded of tea rises from 5kg to 8kg. Find out the cross price elasticity of tea and comment on the value. (3 marks)

(b) As a result of a fall in the price of head phones from Rs.500 to Rs.400, the quantity demanded increases from 100 headphones to 150 headphones. Calculate elasticity using arc method and comment on the value. (3 marks)

(c) A consumer buys 80 units of a good at a price of Rs. 4 per unit. Suppose price elasticity of demand is - 4. At what price will he buy 60 units? (4 marks)

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
Retail and Market Research

Duration: 2 Hours

Max Marks: 60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) What is Market Research? Explain its methods and concepts .
- 2) Define Consumer Goods Industry. Explain the types of Consumer Goods Industry
- 3) a) Describe the factors influencing and affecting Indian Retail Industry. (10 Marks)
b) Write a note on Present Indian Retail Scenario. (5 Marks)
- 4) Explain the impact of media research on efficient implementation of marketing strategy.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) State the need for Market Research
- 6) Explain the value chain that the consumer products follow.
- 7) Write a note on the significance of Retail.
- 8) Explain the attributes of Retailer.
- 9) Explain Consumer Research Cycle.
- 10) Write a note on the process of Consumer Research for New Product launches.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Define Market.
- 12) State any two differences between Necessity and Luxury Goods.
- 13) What is meant by Retailing?
- 14) Define Retail Research Report.
- 15) What is Media Research Report?
- 16) What is Consumer Research Cycle?
- 17) Write a note on Focus Group Discussions.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE

Financial Planning and Performance

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer ALL the questions (2*30 = 60) (Working Notes have to be shown compulsorily for every calculation. However for MCQs, there is no requirement of any working note)

1. a) The most direct way to prepare a cash budget for a manufacturing firm is to include
 - A. Projected sales and purchases, percentages of collections, and terms of payments.
 - B. Projected sales, credit terms, and net income.
 - C. Projected purchases, percentages of purchases paid, and net income.
 - D. Projected net income, depreciation, and goodwill impairment.

- b) Which one of the following is in a company's cash budget?
 - A. Depreciation of plant equipment.
 - B. Disposal of land.
 - C. Amortization of patent costs.
 - D. Conversion of debt for equity.

2. a) Of the following items, the one item that would not be considered in evaluating the adequacy of the budgeted annual operating income for a company is
 - A. Earnings per share.
 - B. Price-earnings ratio.
 - C. Industry average for earnings on sales.
 - D. Internal rate of return.

- b) Pro forma financial statements are used within a company for various purposes. They are not used for
 - A. determining the company's future needs for external financing.
 - B. comparison with actual results for performance reporting in order to determine employee bonuses.
 - C. "what if" analysis, to forecast the effect of a proposed change.
 - D. determining whether the company will be in compliance with required covenants on its long-term debt.

3. a) For cost estimation simple regression differs from multiple regression in that simple regression uses only
 - A. One dependent variable, while multiple regression uses all available data to estimate the cost function.
 - B. Dependent variables, while multiple regression can use both dependent and independent variables.
 - C. One independent variable, while multiple regression uses more than one independent variable.
 - D. One dependent variable, while multiple regression uses more than one dependent variable.

- b) Which of the following events will cause a company's requirements for external financing to increase?
- The dividend payout ratio increases.
 - The company changes its credit terms, increasing the time it gives customers to pay.
 - The company negotiates a lower price and longer terms with a major supplier.
 - The retention ratio increases.
 - Increased competition forces the company to lower its prices.
- A. II and V.
B. III and IV.
C. II, IV and V.
D. I, II, and V.
4. a) The management of a food-processing company is analyzing its internal strengths and weaknesses as part of its strategic planning process. Which one of the following is most likely considered a strategic internal variable for the company?
- The economic forces that regulate the local labor supply.
 - Technological changes in food-processing methods.
 - Changes in the legal code for food processors.
 - The culture at the company's food-processing plant.
- b) The sources of a company's distinctive competencies are:
- The company's resources and capabilities.
 - The company's threats and opportunities.
 - High profitability and sustained profit growth.
 - The company's prior strategic commitments
5. a) Two types of integration strategies are used when a company merges with another company or expands its operations: vertical and horizontal. What are the potential benefits of a vertical integration strategy?
- Improved production scheduling.
 - Increased bargaining power with suppliers.
 - Potential for economies of scale.
 - Ability to drive competitors out of the market.
- A. I only.
B. I and III only.
C. I and IV only.
D. I, II, and III only.
- b) In which of the following industry environments are franchising and horizontal mergers commonly used strategies?
- Emerging industries.
 - Declining industries.
 - Mature industries.
 - Fragmented industries.
6. a) The purpose of identifying manufacturing variances and assigning their responsibility to a person/department should be to:
- Determine the proper cost of the products produced so that selling prices can be adjusted accordingly.

- B. Pinpoint fault for operating problems in the organization.
 - C. Trace the variances to finished goods so that the inventory can be properly valued at year-end.
 - D. Use the knowledge about the variances to promote learning and continuous improvement in the manufacturing operations.
- b) Arkin Co.'s controller has prepared a flexible budget for the year just ended, adjusting the original static budget for the unexpected large increase in the volume of sales. Arkin's costs are mostly variable. The controller is pleased to note that both actual revenues and actual costs approximated amounts shown on the flexible budget. If actual revenues and actual costs are compared with amounts shown on the original (static) budget, what variances would arise?
- A. Both revenue variances and cost variances would be unfavorable.
 - B. Both revenue variances and cost variances would be favorable.
 - C. Revenue variances would be favorable and cost variances would be unfavorable.
 - D. Revenue variances would be unfavorable and cost variances would be favorable.
7. a) Which of the following management practices involves concentrating on areas that deserve attention and placing less attention on areas operating as expected?
- A. Benchmarking.
 - B. Responsibility accounting.
 - C. Management by objectives.
 - D. Management by exception.
- b) After performing a thorough study of Michigan Company's operations, an independent consultant determined that the firm's labor standards were probably too tight. Which one of the following facts would be inconsistent with the consultant's conclusion?
- A. Production supervisors found several significant fluctuations in manufacturing volume, with short-term increases in output being followed by rapid, sustained declines.
 - B. Michigan's budgeting process was well-defined and based on a bottom-up philosophy.
 - C. A review of performance reports revealed the presence of many unfavorable efficiency variances.
 - D. Management noted that minimal incentive bonuses have been paid in recent periods.
8. a) A standard cost system uses
- A. standard prime costs with overhead applied based upon the actual cost driver units incurred.
 - B. standard prime costs with overhead applied based upon the standard cost driver units allowed.
 - C. actual prime costs with overhead applied based upon the standard cost driver units allowed.
 - D. actual prime costs with overhead applied based upon the actual cost driver units incurred.
- b) Using management by exception allows managers to focus their attention on
- A. non-administrative costs and revenues.
 - B. variable costs and revenues.
 - C. unfavorable variances.
 - D. areas that have deviated most from expectations

9. a) Which one of the following statements best describes the concept of continuous improvement when developing standard costs?
- Standards remain unattainable to encourage employees to strive harder.
 - Standards become more challenging as time passes.
 - Standards are established at an easily attainable level to increase employee morale.
 - Standards are developed with zero slack or downtime factored into the calculation.
- b) Products that are identified in the BCG Growth-Share Matrix as Cash Cows possess relatively
- high market share in a high growth market.
 - low market share in a high growth market.
 - high market share in a low growth market.
 - low market share in a low growth market.
10. a) A segment of an organization is referred to as a profit center if it has
- Authority to make decisions over the most significant costs of operations including the power to choose the sources of supply.
 - Authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply.
 - Authority to provide specialized support to other units within the organization.
 - Authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply and significant control over the amount of invested capital.
- b) A segment of an organization is referred to as a service center if it has
- authority to provide specialized support to other units within the organization.
 - responsibility for developing markets and selling the output of the organization.
 - authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply.
 - responsibility for combining the raw materials, direct labor, and other factors of production into a final output.

11. Simpson Inc. is in the process of preparing its annual budget. The following beginning and ending inventory levels (in units) are planned for the year ending December 31.

Particulars	Beginning Inventory	Ending Inventory
Raw material*	40,000	50,000
Work-in-process	10,000	10,000
Finished goods	80,000	50,000

*Two units of raw material are needed to produce each unit of finished product. If 500,000 finished units were to be manufactured for the year by Simpson Inc., the units of raw material that must be purchased would be _____.

12. Wellfleet Company manufactures recreational equipment and prepares annual operational budgets for each department. The Purchasing Department is finalizing plans for the fiscal year ending June 30, 20X9, and has gathered the following information regarding 2 of the components used in both tricycles and bicycles. Wellfleet uses the first-in, first-out inventory method.

Particulars	A19	B12	Tricycles	Bicycles
Beginning inventory, July 1, 20X8	3,500	1,200	800	2,150
Ending inventory, June 30, 20X9	2,000	1,800	1,000	900
Unit cost	\$1.20	\$4.50	\$54.50	\$89.60
Projected fiscal year unit sales	--	--	96,000	130,000
Component usage:				
Tricycles	2/unit	1/unit	--	--
Bicycles	2/unit	4/unit	--	--

If the economic order quantity of component B12 is 70,000 units, the number of times that Wellfleet Company should purchase this component during the fiscal year ended June 30, 20X9 is _____.

13. A company has budgeted sales for the upcoming quarter as follows:

Particulars	January	February	March
Units	15,000	18,000	16,500

The ending finished goods inventory for each month equals 50% of the next month's budgeted sales. Additionally, 3 pounds of raw materials are required for each finished unit produced. The ending raw materials inventory for each month equals 200% of the next month's production requirements. If the raw materials cost \$4.00 per pound and must be paid for in the month purchased, the budgeted raw materials purchases for January are _____.

14. Berol Company plans to sell 200,000 units of finished product in July and anticipates a growth rate in sales of 5% per month. The desired monthly ending inventory in units of finished product is 80% of the next month's estimated sales. There are 150,000 finished units in inventory on June 30. Each unit of finished product requires 4 pounds of direct materials at a cost of \$1.20 per pound. There are 800,000 pounds of direct materials in inventory on June 30. Berol Company's production requirement in units of finished product for the 3 month period ending September 30 is _____.
15. Monroe Products is preparing a cash forecast based on the following information.
- Monthly sales: December \$200,000; January \$200,000; February \$350,000; March \$400,000.
 - All sales are on credit and collected the month following the sale.
 - Purchases are 60% of next month's sales and are paid for in the month of purchase.
 - Other monthly expenses are \$25,000, including \$5,000 of depreciation.
- If the January beginning cash balance is \$30,000, and Monroe is required to maintain a minimum cash balance of \$10,000, how much short-term borrowing will be required at the end of February?
16. A company makes one product that it sells for €125 per unit. The product has a contribution margin of 35% of sales. Direct materials account for 10% of sales. Variable manufacturing overhead is 5% of sales. Fixed costs are €200,000 per year. The controller wants to create a pro forma income statement where the sales increase from 10,000 units to 12,000 units. The average income tax rate is 25.71%. What is the change in operating income as a result of the increase in unit sales?
17. A company has \$10,000 in cash and \$150,000 in merchandise inventory on March 31. The desired cash and merchandise inventory balances on June 30 are \$20,000 and \$250,000,

respectively. Sales for the quarter are expected to be \$300,000, all in cash. Gross margin is 40% of sales. Cash operating expenses are expected to be \$50,000. All merchandise inventory purchases are paid for in cash at the time of purchase. What amount of financing will the company need during the quarter?

18. Calculate the pro forma after-tax profit for next year based on the data below.

Particulars	Results for last year	Projections for next year
Sales	\$100,000	10% increase
Variable cost	60,000	10% increase
Salaries	15,000	5% increase
Other expenses	5,000	20% increase
Income tax rate	30%	no change

19. A software company recently established a customer service department. After the first week, the average time required to handle one customer call was 15 minutes. The manager of the customer service department estimates an 80% learning curve. Under the cumulative average-time learning model, the cumulative average time required to handle one customer call after the fourth week will be _____.

20. In competing as a subcontractor on a military contract, Aerosub Inc. has developed a new product for spacecraft that includes the manufacturing of a complex part. Management believes there is a good opportunity for its technical force to learn and improve as they become accustomed to the production process. Accordingly, management estimates an 80% learning curve would apply to this unit. The overall contract will call for supplying eight units. Production of the first unit requires 10,000 direct labor hours. The estimated total direct labor hours required to produce the seven additional units would be _____.

21. Baxter Corporation's master budget calls for the production of 5,000 units of product monthly. The master budget includes indirect labor of \$144,000 annually; Baxter considers indirect labor to be a variable cost. During the month of April, 4,500 units of product were produced, and indirect labor costs of \$10,100 were incurred. A performance report utilizing flexible budgeting would report a budget variance for indirect labor of _____.

22. A manufacturing firm planned to manufacture and sell 100,000 units of product during the year at a variable cost per unit of \$4.00 and a fixed cost per unit of \$2.00. The firm fell short of its goal and only manufactured 80,000 units at a total incurred cost of \$515,000. The firm's manufacturing cost variance was _____.

23. Folsom Fashions sells a line of women's dresses. Folsom's performance report for November follows.

Particulars	Actual	Budget
Dresses sold	5,000	6,000
Sales	\$ 235,000	\$ 300,000
Variable costs	(145,000)	(180,000)
Contribution margin	\$ 90,000	\$ 120,000
Fixed costs	(84,000)	(80,000)
Operating income	\$ 6,000	\$ 40,000

The company uses a flexible budget to analyze its performance and to measure the effect on operating income of the various factors affecting the difference between budgeted and actual

operating income. The variable cost flexible budget variance for November is _____.

24. A company established its annual direct material budget to produce 300,000 units as follows. 150,000 pounds of material @ \$0.75 per pound = \$112,500. Throughout the year, the company produced 310,000 units of finished goods using 0.48 pounds per unit at a cost of \$0.76 per pound. The direct material efficiency variance is _____.

25. Arrow Industries employs a standard cost system in which direct materials inventory is carried at standard cost. Arrow has established the following standards for the prime costs of one unit of product.

Particulars	Standard Quantity	Standard Price	Standard Cost
Direct materials	8 pounds	\$1.80 per pound	\$14.40
Direct labor	0.25 hours	\$8.00 per hour	2.00
			\$16.40

During November, Arrow purchased 160,000 pounds of direct materials at a total cost of \$304,000. The total factory wages for November were \$42,000, 90% of which were for direct labor. Arrow manufactured 19,000 units of product during November using 142,500 pounds of direct materials and 5,000 direct labor hours. The direct materials purchase price variance for November is _____.

26. ChemKing uses a standard costing system in the manufacture of its single product. The 35,000 units of raw material in inventory were purchased for \$105,000, and two units of raw material are required to produce one unit of final product. In November, the company produced 12,000 units of product. The standard cost for material allowed for the output was \$60,000, and there was an unfavorable quantity variance of \$2,500. ChemKing's standard price for one unit of material is _____.

27. The controller for Durham Skates is reviewing the production cost report for July. An analysis of direct materials costs reflects an unfavorable flexible budget variance of \$25. The plant manager believes this is excellent performance on a flexible budget for 5,000 units of direct materials. However, the production supervisor is not pleased with this result because he claims to have saved \$1,200 in materials cost on actual production using 4,900 units of direct materials. The standard materials cost is \$12 per unit. Actual materials used for the month amounted to \$60,025. The actual average cost per unit for materials was _____.

28. Each unit of Product XK-46 requires three direct labor hours. Employee benefit costs are treated as direct labor costs. Data on direct labor are • Number of direct employees: 25 • Weekly productive hours per employee: 35 • Estimated weekly wages per employee: \$245 • Employee benefits (related to weekly wages): 25% The standard direct labor cost per unit of Product XK-46 is _____.

29. Jackson Industries employs a standard cost system in which direct materials inventory is carried at standard cost. Jackson has established the following standards for the prime costs of one unit of product.

Particulars	Standard Quantity	Standard Price	Standard Cost
Direct materials	5 pounds	\$3.60/pound	\$18.00
Direct labor	1.25 hours	12.00/hour	15.00
			\$33.00

During May, Jackson purchased 125,000 pounds of direct materials at a total cost of \$475,000. The total factory wages for May were \$364,000, 90% of which were for direct labor. Jackson manufactured 22,000 units of product during May using 108,000 pounds of direct materials and 28,000 direct labor hours. The direct labor usage (efficiency) variance for May is _____.

30. Franklin Glass Works' production budget for the year ended November 30 was based on 200,000 units. Each unit requires two standard hours of labor for completion. Total overhead was budgeted at \$900,000 for the year, and the fixed overhead rate was estimated to be \$3.00 per unit. Both fixed and variable overhead are assigned to the product on the basis of direct labor hours. The actual data for the year ended November 30 are presented as follows. Actual production in units 198,000 Actual direct labor hours 440,000 Actual variable overhead \$352,000 Actual fixed overhead \$575,000 The standard hours allowed for actual production for the year ended November 30 total _____.

SECTION – B

Answer any FOUR questions: (5*4 = 20)(2+2+1)

31. Coe Company is a manufacturer of semi-custom motorcycles. The company used 500 labor hours to produce a prototype of a new motorcycle for one of its key customers. The customer then ordered three additional motorcycles to be produced over the next six months. Coe estimates that the manufacturing process for these additional motorcycles is subject to a 90% learning curve. Although the production manager was aware of the learning curve projections, he decided to ignore the learning curve when compiling his budget in order to provide a cushion to prevent exceeding the budgeted amount for labor.

REQUIRED:

- By using the cumulative average-time learning curve, estimate the total number of labor hours that are required to manufacture the first four units of product. Show your calculations.
 - Assume the 90% learning curve is realized. Calculate Coe's cost savings in producing the three additional units if the cost of direct labor is \$25 per hour. Show your calculations.
 - Define budgetary slack. Identify and explain two negative effects that budgetary slack can have on the budgeting process.
32. Biscayne Industries manufactures tents in a variety of sizes by using a variety of materials. Last year's income statement data is shown below.

Sales (100,000 units sold)	\$50,000,000
Cost of goods sold (2/3 fixed)	30,000,000
Gross profit	20,000,000
Selling and administrative costs (all fixed)	12,000,000
Operating income	\$8,000,000

Biscayne did not foresee any changes for this year, so it created a master budget that was the same as last year's actual results. At the end of this year, however, Biscayne's sales totaled \$55,000,000. There were no variable cost variances, and the company's operating income was \$7,500,000.

REQUIRED:

1. Identify and explain two benefits of using a flexible budget.
 2. Prepare Biscayne's flexible budget through operating income, at the \$55,000,000 sales level.
 3. Identify and explain one possible reason Biscayne's sales increased, but the company's operating income decreased.
-
33. a) What is Management by Exception?
b) What is Linear regression analysis?
c) DM Usage Variance = ?
 34. a) What is Coefficient of determination?
b) What are the 3 smoothing methods?
c) What is the formula for a basic exponential smoothing model?
 35. a) What is Learning curve analysis?
b) What is budget cycle?
c) DL Rate Variance = ?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. I SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE
FINANCIAL PLANNING AND PERFORMANCE

Time: 2 Hrs.

Max. Marks: 60

SECTION – A

Answer any TWO questions: (2*15=30) (3+3+3+3)

1. a) Monroe Products is preparing a cash forecast based on the following information.
 - Monthly sales: December \$200,000; January \$200,000; February \$350,000; March \$400,000.
 - All sales are on credit and collected the month following the sale
 - Purchases are 60% of next month's sales and are paid for in the month of purchase.
 - Other monthly expenses are \$25,000, including \$5,000 of depreciation.
 If the January beginning cash balance is \$30,000, and Monroe is required to maintain a minimum cash balance of \$10,000, how much short-term borrowing will be required at the end of February?

- b) A company has \$10,000 in cash and \$150,000 in merchandise inventory on March 31. The desired cash and merchandise inventory balances on June 30 are \$20,000 and \$250,000, respectively. Sales for the quarter are expected to be \$300,000, all in cash. Gross margin is 40% of sales. Cash operating expenses are expected to be \$50,000. All merchandise inventory purchases are paid for in cash at the time of purchase. What amount of financing will the company need during the quarter?

- c) Lee Manufacturing uses a standard cost system with overhead applied based on direct labor hours. The manufacturing budget for the production of 5,000 units for the month of June included 10,000 hours of direct labor at \$15 per hour, or \$150,000. During June, 4,500 units were produced, using 9,600 direct labor hours, incurring \$39,360 of variable overhead, and showing a variable overhead efficiency variance of \$2,400 unfavorable. The standard variable overhead rate per direct labor hour was _____.

- d) Baxter Corporation's master budget calls for the production of 5,000 units of product monthly. The master budget includes indirect labor of \$144,000 annually; Baxter considers indirect labor to be a variable cost. During the month of April, 4,500 units of product were produced, and indirect labor costs of \$10,100 were incurred. A performance report utilizing flexible budgeting would report a budget variance for indirect labor of _____.

- e) Each unit of Product XK-46 requires three direct labor hours. Employee benefit costs are treated as direct labor costs. Data on direct labor are • Number of direct employees: 25 • Weekly productive hours per employee: 35 • Estimated weekly wages per employee: \$245 • Employee benefits (related to weekly wages): 25%. The standard direct labor cost per unit of Product XK-46 is _____.

2. a) Jackson Industries employs a standard cost system in which direct materials inventory is carried at standard cost. Jackson has established the following standards for the prime costs of one unit of product.

Particulars	Standard Quantity	Standard Price	Standard Cost
Direct materials	5 pounds	\$3.60/pound	\$18.00
Direct labor	1.25 hours	12.00/hour	15.00
			\$33.00

During May, Jackson purchased 125,000 pounds of direct materials at a total cost of \$475,000. The total factory wages for May were \$364,000, 90% of which were for direct labor. Jackson manufactured 22,000 units of product during May using 108,000 pounds of direct materials and 28,000 direct labor hours. The direct labor usage (efficiency) variance for May is _____.

- b) Franklin Glass Works' production budget for the year ended November 30 was based on 200,000 units. Each unit requires two standard hours of labor for completion. Total overhead was budgeted at \$900,000 for the year, and the fixed overhead rate was estimated to be \$3.00 per unit. Both fixed and variable overhead are assigned to the product on the basis of direct labor hours. The actual data for the year ended November 30 are presented as follows. Actual production in units 198,000 Actual direct labor hours 440,000 Actual variable overhead \$352,000 Actual fixed overhead \$575,000 The standard hours allowed for actual production for the year ended November 30 total _____.
- c) In competing as a subcontractor on a military contract, Aerosub Inc. has developed a new product for spacecraft that includes the manufacturing of a complex part. Management believes there is a good opportunity for its technical force to learn and improve as they become accustomed to the production process. Accordingly, management estimates an 80% learning curve would apply to this unit. The overall contract will call for supplying eight units. Production of the first unit requires 10,000 direct labor hours. The estimated total direct labor hours required to produce the seven additional units would be _____.
- d) A software company recently established a customer service department. After the first week, the average time required to handle one customer call was 15 minutes. The manager of the customer service department estimates an 80% learning curve. Under the cumulative average-time learning model, the cumulative average time required to handle one customer call after the fourth week will be _____.
- e) Carson Products sells sweatshirts and is preparing for a World Cup Soccer match. The cost per sweatshirt varies with the quantity purchased as follows.

Quantity	Unit Cost
4,000	\$14.00
5,000	\$13.50
6,000	\$13.00
7,000	\$12.50

Carson must purchase the shirts one month before the game and has analyzed the market and estimated sales levels as follows.

Unit sales	4,000	5,000	6,000	7,000
Probability	15%	20%	35%	30%

The estimated selling price is \$25 for sales made before and during the day of the game. Any shirts remaining after game day can be sold at wholesale to a local discount store for \$10. The expected profit if Carson purchased 6,000 shirts is _____.

3. a) A clothing company is evaluating two possible locations for a new retail store. The company's research indicates that location A has a 45% probability of generating \$400,000 in cash flow, and a 55% probability of generating \$325,000 in cash flow. Location B has a 25% probability of generating \$600,000 in cash flow, and a 75% probability of generating \$250,000 in cash flow. Based on the expected value for each location, the company should choose location _____ because its expected value is _____ higher than location _____.
- b) Ron Bagley is contemplating whether to investigate a labor efficiency variance in the Assembly Department. It will cost \$6,000 to undertake the investigation and another \$18,000 to correct operations if the department is found to be operating improperly. If the department is operating improperly and Bagley failed to make the investigation, operating costs from the various inefficiencies are expected to amount to \$33,000. Bagley would be indifferent between investigating and not investigating the variance if the probability of improper operation is _____.
- c) A company's master budget for the year planned that the company would manufacture and sell 2,000 units for €500,000 in sales, €350,000 in variable expenses, and €45,000 in fixed expenses. If the company manufactured and sold only 1,750 units during the year, how much is the company's flexible budget operating income?

- d) Blaster Inc., a manufacturer of portable radios, purchases the components from subcontractors to use to assemble into a complete radio. Each radio requires three units each of Part XBEZ52, which has a standard cost of \$1.45 per unit. During May, Blaster experienced the following with respect to Part XBEZ52.

Particulars	Units
Purchases (\$18,000)	12,000
Consumed in manufacturing	10,000
Radios manufactured	3,000

During May, Blaster Inc. incurred a materials efficiency variance of _____.

- e) The Jersey Coffee Company manufactures varieties of blended coffees for sale to retailers and restaurants. Its Breakfast Blend consists of three types of coffee beans: Colombian, Blue Mountain, and Kona. The direct material standards for one batch of 100 pounds of the Breakfast Blend are as follows (the standard incorporates some extra material to allow for normal loss in the grinding and mixing process, and thus the number of pounds of the three types of beans sum to more than 100 pounds):

Colombian	45 pounds @ \$8.00/pound
Blue Mountain	32 pounds @ \$6.40/pound
Kona	26 pounds @ \$9.60/pound

During November, 10 batches of Breakfast Blend were produced.

The actual amount of coffee beans used for the 10 batches and the actual costs per pound were as follows:

Particulars	Actual Cost/Pound	Actual Pounds Used for Output
Colombian	\$8.30	470
Blue Mountain	\$6.20	325
Kona	\$9.80	220

What was the direct materials price variance for Breakfast Blend for the month of November?

SECTION – B

Answer any **TWO** questions:

(2*10=20)

4. a) The most direct way to prepare a cash budget for a manufacturing firm is to include
- A. Projected sales and purchases, percentages of collections, and terms of payments.
 - B. Projected sales, credit terms, and net income.
 - C. Projected purchases, percentages of purchases paid, and net income.
 - D. Projected net income, depreciation, and goodwill impairment.
- b) Which one of the following is in a company's cash budget?
- A. Depreciation of plant equipment.
 - B. Disposal of land.
 - C. Amortization of patent costs.
 - D. Conversion of debt for equity.
- c) Of the following items, the one item that would not be considered in evaluating the adequacy of the budgeted annual operating income for a company is
- A. Earnings per share.
 - B. Price-earnings ratio.
 - C. Industry average for earnings on sales.
 - D. Internal rate of return.
- d) Pro forma financial statements are used within a company for various purposes. They are not used for
- A. determining the company's future needs for external financing.
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- f) Which of the following events will cause a company's requirements for external financing to increase?
- I. The dividend payout ratio increases.
 - II. The company changes its credit terms, increasing the time it gives customers to pay.
 - III. The company negotiates a lower price and longer terms with a major supplier.
 - IV. The retention ratio increases.
 - V. Increased competition forces the company to lower its prices.

- A. II and V.
 - B. III and IV.
 - C. II, IV and V.
 - D. I, II, and V.
- g) The management of a food-processing company is analyzing its internal strengths and weaknesses as part of its strategic planning process. Which one of the following is most likely considered a strategic internal variable for the company?
- A. The economic forces that regulate the local labor supply.
 - B. Technological changes in food-processing methods.
 - C. Changes in the legal code for food processors.
 - D. The culture at the company's food-processing plant.
- h) The sources of a company's distinctive competencies are:
- A. The company's resources and capabilities.
 - B. The company's threats and opportunities.
 - C. High profitability and sustained profit growth.
 - D. The company's prior strategic commitments
- i) Two types of integration strategies are used when a company merges with another company or expands its operations: vertical and horizontal. What are the potential benefits of a vertical integration strategy?
- I. Improved production scheduling.
 - II. Increased bargaining power with suppliers.
 - III. Potential for economies of scale.
 - IV. Ability to drive competitors out of the market.
- A. I only.
 - B. I and III only.
 - C. I and IV only.
 - D. I, II, and III only.
- j) In which of the following industry environments are franchising and horizontal mergers commonly used strategies?
- A. Emerging industries.
 - B. Declining industries.
 - C. Mature industries.
 - D. Fragmented industries.
5. a) The purpose of identifying manufacturing variances and assigning their responsibility to a person/department should be to:
- A. Determine the proper cost of the products produced so that selling prices can be adjusted accordingly.
 - B. Pinpoint fault for operating problems in the organization.
 - C. Trace the variances to finished goods so that the inventory can be properly valued at year-end.
 - D. Use the knowledge about the variances to promote learning and continuous improvement in the manufacturing operations.
- b) Arkin Co.'s controller has prepared a flexible budget for the year just ended, adjusting the original static budget for the unexpected large increase in the volume of sales. Arkin's costs are mostly variable. The controller is pleased to note that both actual revenues and actual costs approximated amounts shown on the flexible budget. If

- actual revenues and actual costs are compared with amounts shown on the original (static) budget, what variances would arise?
- A. Both revenue variances and cost variances would be unfavorable.
 - B. Both revenue variances and cost variances would be favorable.
 - C. Revenue variances would be favorable and cost variances would be unfavorable.
 - D. Revenue variances would be unfavorable and cost variances would be favorable.
- c) Which of the following management practices involves concentrating on areas that deserve attention and placing less attention on areas operating as expected?
- A. Benchmarking.
 - B. Responsibility accounting.
 - C. Management by objectives.
 - D. Management by exception.
- d) After performing a thorough study of Michigan Company's operations, an independent consultant determined that the firm's labor standards were probably too tight. Which one of the following facts would be inconsistent with the consultant's conclusion?
- A. Production supervisors found several significant fluctuations in manufacturing volume, with short-term increases in output being followed by rapid, sustained declines.
 - B. Michigan's budgeting process was well-defined and based on a bottom-up philosophy.
 - C. A review of performance reports revealed the presence of many unfavorable efficiency variances.
 - D. Management noted that minimal incentive bonuses have been paid in recent periods.
- e) A standard cost system uses
- A. standard prime costs with overhead applied based upon the actual cost driver units incurred.
 - B. standard prime costs with overhead applied based upon the standard cost driver units allowed.
 - C. actual prime costs with overhead applied based upon the standard cost driver units allowed.
 - D. actual prime costs with overhead applied based upon the actual cost driver units incurred.
- f) Using management by exception allows managers to focus their attention on
- A. non-administrative costs and revenues.
 - B. variable costs and revenues.
 - C. unfavorable variances.
 - D. areas that have deviated most from expectations
- g) Which one of the following statements best describes the concept of continuous improvement when developing standard costs?
- A. Standards remain unattainable to encourage employees to strive harder.
 - B. Standards become more challenging as time passes.
 - C. Standards are established at an easily attainable level to increase employee morale.
 - D. Standards are developed with zero slack or downtime factored into the calculation.

- h) Products that are identified in the BCG Growth-Share Matrix as Cash Cows possess relatively
- high market share in a high growth market.
 - low market share in a high growth market.
 - high market share in a low growth market.
 - low market share in a low growth market.
- i) A segment of an organization is referred to as a profit center if it has
- Authority to make decisions over the most significant costs of operations including the power to choose the sources of supply.
 - Authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply.
 - Authority to provide specialized support to other units within the organization.
 - Authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply and significant control over the amount of invested capital.
- j) A segment of an organization is referred to as a service center if it has
- authority to provide specialized support to other units within the organization.
 - responsibility for developing markets and selling the output of the organization.
 - authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply.
 - responsibility for combining the raw materials, direct labor, and other factors of production into a final output.
6. a) A segment of an organization is referred to as a service center if it has
- responsibility for developing markets and selling the output of the organization.
 - responsibility for combining the raw materials, direct labor, and other factors of production into a final output.
 - authority to make decisions affecting the major determinants of profit including the power to choose its markets and sources of supply.
 - authority to provide specialized support to other units within the organization.
- b) A component part is manufactured in one country and transferred to the company's production facilities in a second country for completion. The exporting country's effective income tax rate is 30% while the importing country's effective income tax rate is 25%. The transfer price should be
- the highest allowable amount to minimize income taxes.
 - the lowest allowable amount to minimize income taxes.
 - negotiated between the two divisions to allow participative management.
 - fairly set to evenly divide profits between the two divisions.
- c) Morrison's Plastics Division, a profit center, sells its products to external customers as well as to other internal profit centers. Which one of the following circumstances would justify the Plastics Division selling a product internally to another profit center at a price that is below the market-based transfer price?
- The buying unit has excess capacity
 - The selling unit is operating at full capacity.
 - Routine sales commissions and collection costs would be avoided.
 - The profit centers' managers are evaluated on the basis of unit operating income

- d) When contemplating between two projects, a firm's goal to maximize residual income will be achieved by:
- A. By accepting a project which involves higher amount of capital investment.
 - B. By accepting a project which earns higher returns on capital invested.
 - C. By accepting a project which involves lower amount of capital investment.
 - D. By accepting a project which earns lower returns on capital invested.
- e) The balanced scorecard provides an action plan for achieving competitive success by focusing management attention on critical success factors. Which one of the following is not one of the competitive success factors commonly focused upon in the balanced scorecard?
- A. Competitor business strategies.
 - B. Financial performance measures
 - C. Internal business processes
 - D. Employee innovation and learning.
- f) An advantage of using a flexible budget compared to a static budget is that in a flexible budget
- A. Shortfalls in planned production are clearly presented.
 - B. Standards can easily be changed to adjust to changing circumstances.
 - C. Fixed cost variances are more clearly presented.
 - D. Budgeted costs for a given output level can be compared with actual costs for the same level of output.
- g) A firm develops an annual cash budget in order to
- A. Support the preparation of its cash flow statement for the annual report.
 - B. Ascertain which capital expenditure projects are feasible and which capital expenditure projects should be deferred.
 - C. Determine the opportunity costs of alternative sales and production strategies.
 - D. Avoid the opportunity costs of non-invested excess cash and minimize the cost of interim financing.
- h) All of the following would appear on a projected schedule of cost of goods manufactured except for
- A. ending work-in-process inventory.
 - B. beginning finished goods inventory
 - C. the cost of raw materials used.
 - D. applied manufacturing overhead.
- i) Wilson Company uses a comprehensive planning and budgeting system. The proper order for Wilson to prepare certain budget schedules would be:
- A. Cost of goods sold, balance sheet, income statement, and statement of cash flows.
 - B. Income statement, balance sheet, statement of cash flows, and cost of goods sold.
 - C. Statement of cash flows, cost of goods sold, income statement, and balance sheet.
 - D. Cost of goods sold, income statement, balance sheet, and statement of cash flows.
- j) A company that manufactures furniture is establishing its budget for the upcoming year. All of the following items would appear in its overhead budget except for the
- A. overtime paid to the workers who perform production scheduling.
 - B. cost of glue used to secure the attachment of the legs to the tables.
 - C. fringe benefits paid to the production supervisor.
 - D. freight charges paid for the delivery of raw materials to the company

SECTION - C

(2*5=10) (2+2+1)

7. a) Answer any TWO questions:
 a) Simpson Inc. is in the process of preparing its annual budget. The following beginning and ending inventory levels (in units) are planned for the year ending December 31.

Particulars	Beginning Inventory	Ending Inventory
Raw material*	40,000	50,000
Work-in-process	10,000	10,000
Finished goods	80,000	50,000

*Two units of raw material are needed to produce each unit of finished product. If 500,000 finished units were to be manufactured for the year by Simpson Inc., the units of raw material that must be purchased would be _____.

- b) Wellfleet Company manufactures recreational equipment and prepares annual operational budgets for each department. The Purchasing Department is finalizing plans for the fiscal year ending June 30, 20X9, and has gathered the following information regarding 2 of the components used in both tricycles and bicycles. Wellfleet uses the first-in, first-out inventory method.

Particulars	A19	B12	Tricycles	Bicycles
Beginning inventory, July 1, 20X8	3,500	1,200	800	2,150
Ending inventory, June 30, 20X9	2,000	1,800	1,000	900
Unit cost	\$1.20	\$4.50	\$54.50	\$89.60
Projected fiscal year unit sales	--	--	96,000	130,000
Component usage:				
Tricycles	2/unit	1/unit	--	--
Bicycles	2/unit	4/unit	--	--

If the economic order quantity of component B12 is 70,000 units, the number of times that Wellfleet Company should purchase this component during the fiscal year ended June 30, 20X9 is _____.

- c) A manufacturing firm planned to manufacture and sell 100,000 units of product during the year at a variable cost per unit of \$4.00 and a fixed cost per unit of \$2.00. The firm fell short of its goal and only manufactured 80,000 units at a total incurred cost of \$515,000. The firm's manufacturing cost variance was _____.
8. a) Folsom Fashions sells a line of women's dresses. Folsom's performance report for November follows.

Particulars	Actual	Budget
Dresses sold	5,000	6,000
Sales	\$ 235,000	\$ 300,000
Variable costs	(145,000)	(180,000)
Contribution margin	\$ 90,000	\$ 120,000
Fixed costs	(84,000)	(80,000)
Operating income	\$ 6,000	\$ 40,000

The company uses a flexible budget to analyze its performance and to measure the effect on operating income of the various factors affecting the difference between budgeted and actual operating income. The variable cost flexible budget variance for November is _____.

- b) Arrow Industries employs a standard cost system in which direct materials inventory is carried at standard cost. Arrow has established the following standards for the prime costs of one unit of product.

Particulars	Standard Quantity	Standard Price	Standard Cost
Direct materials	8 pounds	\$1.80 per pound	\$14.40
Direct labor	0.25 hours	\$8.00 per hour	2.00
			\$16.40

During November, Arrow purchased 160,000 pounds of direct materials at a total cost of \$304,000. The total factory wages for November were \$42,000, 90% of which were for direct labor. Arrow manufactured 19,000 units of product during November using 142,500 pounds of direct materials and 5,000 direct labor hours. The direct materials purchase price variance for November is _____.

- c) A company established its annual direct material budget to produce 300,000 units as follows. 150,000 pounds of material @ \$0.75 per pound = \$112,500. Throughout the year, the company produced 310,000 units of finished goods using 0.48 pounds per unit at a cost of \$0.76 per pound. The direct material efficiency variance is _____.
9. a) ChemKing uses a standard costing system in the manufacture of its single product. The 35,000 units of raw material in inventory were purchased for \$105,000, and two units of raw material are required to produce one unit of final product. In November, the company produced 12,000 units of product. The standard cost for material allowed for the output was \$60,000, and there was an unfavorable quantity variance of \$2,500. ChemKing's standard price for one unit of material is _____.
- b) The controller for Durham Skates is reviewing the production cost report for July. An analysis of direct materials costs reflects an unfavorable flexible budget variance of \$25. The plant manager believes this is excellent performance on a flexible budget for 5,000 units of direct materials. However, the production supervisor is not pleased with this result because he claims to have saved \$1,200 in materials cost on actual production using 4,900 units of direct materials. The standard materials cost is \$12 per unit. Actual materials used for the month amounted to \$60,025. The actual average cost per unit for materials was _____.
- c) A company makes one product that it sells for €125 per unit. The product has a contribution margin of 35% of sales. Direct materials account for 10% of sales. Variable manufacturing overhead is 5% of sales. Fixed costs are €200,000 per year. The controller wants to create a pro forma income statement where the sales increase from 10,000 units to 12,000 units. The average income tax rate is 25.71%. What is the change in operating income as a result of the increase in unit sales?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION NOVEMBER 2024
COMMERCE

Essentials of Logistics and Supply Chain Management

Duration:3 Hours

Max Marks:80

Section A

I. Answer the following: (Compulsory)

(1×15= 15)

1. Super Dolls is a toy manufacturing company which is in the business for the past two decades. The manufacturing unit is situated in Mumbai, while its sales and marketing are spread over a large geographical area, especially in the major cities across the country. Over the years, a number of competitors have sprung in the field. Far from child's play, the company found that the toys' sector is a tough business. Some of the problems faced by it are:

1. There is a massive sale during the festival seasons. If the company's product is delayed, the valuable market is missed.

2. "Fashion" or "cult" status products influence the market. Any wrong decision in this matter, means loss of sales and build-up of unwanted inventory

3. There are high marketing and promotional costs. If these programmes go out, the sales drop massively

4. Any misjudge of the market can also mean closing down of the company

5. The company has problems regarding stock holding at its distribution centres. This is mainly due to wrong inputs from feedbacks and improper surveys.

6. The company relies mainly on hired fleet of road transport. The services are not up to the mark in terms of delivery schedules, safety of goods from pilferage/theft, and mishandling of product.

7. Marketing strategies are far from adequate. They are not effective enough to counter the strategies adopted by the competitors.

You are called upon by the management of Super Dolls to head their logistics operations. You are required to study and guide the company regarding the following matters.

a) Warehousing at distribution centres and large retailers to cut down inventory costs plus other suggestions in order to reduce inventory carrying costs

- b) Advantages of outsourcing in terms of preparing girls' and boys' toys, toys in local languages, toys for different age ranges, packaging, effecting savings on damages/transport, responding fast to customers' requests, etc.
- c) Alternatives with regard to having own fleet of trucks
- d) How to cut down cost on advertisement campaigns by alternative forms of spreading awareness.
- e) Suggestions to counter competitors' strategies

Section B

II. Answer any FOUR questions

(4×10= 40)

- 2. Describe the fundamentals of demand forecasting.
- 3. What are the key goals of logistics operations, and how can achieving these goals impact customer satisfaction?
- 4. Explain the different types of demand and their significance in business operations and supply chain management.
- 5. Describe the goals of logistics.
- 6. What can be the challenges of Supply Chain Management

Section C

III. Answer any FIVE questions

(5×5= 25)

- 7. What is the difference between joint demand and derived demand?
 - 8. Explain the meaning Customer order decoupling point.
 - 9. Explain how Logistics can be complex and cause high cost to the organization
 - 10. Why is Responsiveness an important factor under customer service dimension?
 - 11. explain the differences between inound logidtics and outbound logistics
 - 12. Discuss the relationship between customer satisfaction and operational efficiency within supply chain management.
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