

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.COM. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
COMMERCE
Management Principles and Applications
SECTION – A

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

- 1) Explain the contributions of F W Taylor to the theory of management.
- 2) Explain the features and process involved in Strategic Planning.
- 3) What is meant by Delegation of Authority? Explain its benefits.
- 4) Define Recruitment. Explain different sources of recruitment.

SECTION – B

Answer any FOUR questions : **(5×4= 20)**

- 5) Explain any five managerial styles.
- 6) Explain the elements of Strategic Plan.
- 7) Write a note on Formal Organisation.
- 8) Explain the functions of Leadership.
- 9) Explain the types of interviewing methods used by the interviewer.
- 10) Explain any five principles of Coordination.

SECTION – C

Answer any FIVE questions : **(2×5= 10)**

11. What is mental revolution?
12. State any two features of Decision making.
13. What is Span of Control?
14. What is meant by Physiognomy?
15. What is meant by downward communication?
16. What is PERT?
17. What is Coordination?

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CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
Financial Planning and Performance

Duration: 2 hours**Max Marks: 60**

SECTION A

Answer any TWO of the following: **(2 X 15 = 30 marks)**

I. 1. Certain phases of the planning process should be formalized for all of the following reasons except:

- Informal plans and goals lack the necessary precision, understanding, and consistency.
- Formal plans can act as a constraint on the decision-making freedom of managers and supervisors.
- Formalization requires the establishment and observance of deadlines for decision-making and planning.
- Formalization provides a logical basis for rational flexibility and planning

2. Cerawell Products Company is a ceramics manufacturer that is facing several challenges in its operations. Which one of the following is subject to the least control by the management of Cerawell in the current fiscal year?

- A new machine that was purchased this year has not helped reduce Cerawell's unfavorable labor efficiency variances.
- A competitor has achieved an unexpected technological breakthrough that has given them a significant quality advantage and has caused Cerawell to lose market share.
- Vendors have asked that the contract price for the goods they supply to Cerawell be renegotiated and adjusted for inflation.
- Experienced employees have decided to terminate their employment with Cerawell and go to work for the competition.

3. Contingency planning is a process that companies undertake to:

- Make certain that their capacity will be able to meet the expected demand as well as decide how to obtain this capacity.
- Determine how to obtain the necessary financing for the future.
- Understand how customer expectations have changed.
- Prepare for future, external events.

4. Which one of the following best describes a reason why a company's budgeting should be based on the company's strategic plans?

- Helps control costs so that products can be sold profitably.
- Identifies resources needed to reach strategic goals.
- Identifies the external factors that have changed from the prior year and those that remain the same.
- Establishes standards to measure employee performance.

5. All of the following are disadvantages of authoritative budgeting as opposed to participatory budgeting, except that it
 - a. May result in a budget that is not possible to achieve.
 - b. May limit the acceptance of proposed goals and objectives.
 - c. Reduces the communication between employees and management.
 - d. Reduces the time required for budgeting.

II. 1. Reeves Inc. has developed a new production process to manufacture its product. The new process is complex and requires a high degree of technical skill. However, management believes there is a good opportunity for the employees to improve as they become more familiar with the production process. The production of the first unit requires 100 direct labor hours. If a 70% learning curve is used, the cumulative direct labor hours required to produce a total of eight units would be

- a. 196 hours.
- b. 274 hours.
- c. 392 hours.
- d. 560 hours.

2. Huron Company plans to bid on a special project that calls for a total of 24,000 units. The units will be produced in lots, with the first lot consisting of 750 units. Based on prior experience, the direct labor time needed per unit of product will be progressively smaller by a constant percentage rate as experience is gained in the manufacturing process. The quantitative method that would best estimate Huron's total cost for the project is

- a. Learning curve techniques.
- b. Differential calculus.
- c. Discounted cash flow techniques.
- d. Linear programming.

3. Using regression analysis, Fairfield Co. graphed the relationship of its cheapest product line's sales with its customers' income levels, to reveal that the lower the level of customer income, the higher sales volume experienced:
If there is a strong statistical relationship between the sales and customers' income levels, which of the following numbers best represents the correlation coefficient for this relationship?

- a. -9.00
- b. -0.93
- c. +0.93
- d. +9.00

4. A car rental agency has a policy of replacing the tires on its car fleet as the tires wear out. Management wonders if there would be any cost savings if the tires are periodically replaced at one time on its fleet of 500 cars. The technique the car rental agency would find most useful is

- a. Statistical sampling.
- b. Probability analysis.
- c. Linear programming.
- d. Learning curve techniques.

5. In order to analyze sales as a function of advertising expenses, the sales manager of Smith Company developed a simple regression model. The model included the following equation, which was based on 32 monthly observations of sales and advertising expenses with a related coefficient of determination of 0.90. $S = \$10,000 + 2.50A$, S = sales, A = advertising expenses. If Smith Company's advertising expenses in one month amounted to \$1,000, the related point estimate of sales would be

- \$2,500
- \$11,250.
- \$12,250
- \$12,500

III.1. 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?

- 42,500
- 86,250
- 91,875
- 105,000

2. Simson Company's master budget uses straight-line depreciation on factory equipment of \$258,000. The master budget was prepared at an annual production volume of 103,200 units of product. This production volume is expected to occur uniformly throughout the year. During September, Simson produced 8,170 units of product, and the accounts reflected actual depreciation on factory machinery of \$20,500. Simson controls manufacturing costs with a flexible budget. The flexible budget amount for depreciation on factory machinery for September should be

- \$19,475.00
- \$20,425.00
- \$20,500.00
- \$21,500.00

3. The basic difference between a master budget and a flexible budget is that a master budget is

- Based on one specific level of production and a flexible budget can be prepared for any production level within a relevant range.
- Only used before and during the budget period and a flexible budget is only used after the budget period.
- Based on a fixed standard, whereas a flexible budget allows management latitude in meeting goals.
- For an entire production facility whereas a flexible budget is applicable to single departments only.

4. Which one of the following statements is correct concerning a flexible budget cost formula? Variable costs are stated

- Per unit and fixed costs are stated in total.
- In total and fixed costs are stated per unit.
- In total and fixed costs are stated in total.

- d. Per unit and fixed costs are stated per unit
- 5. A budget in which each quarter is superseded by the next, encouraging management to think about the upcoming quarter is a
 - a. flexible budget.
 - b. master budget.
 - c. rolling budget.
 - d. sales budget.

SECTION B

Answer any TWO of the following:

(2 X 10 = 20 marks)

IV.1. Streeter Company produces plastic microwave turntables. Sales for the next year are expected to be 65,000 units in the first quarter, 72,000 units in the second quarter, 84,000 units in the third quarter, and 66,000 units in the fourth quarter. Streeter maintains a finished goods inventory at the end of each quarter equal to one half of the units expected to be sold in the next quarter. How many units should Streeter produce in the second quarter?

- a. 72,000 units.
- b. 75,000 units.
- c. 78,000 units.
- d. 84,000 units.

2. Which of the following inputs would be most beneficial to consider when management is developing the capital budget?

- a. Supply/demand for the company's products.
- b. Current products sales prices and costs.
- c. Wage trends.
- d. Profit center equipment requests.

3. 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

- a. 712,025 units.
- b. 630,500 units.
- c. 638,000 units.
- d. 665,720 units.

4. Increases in sales generally cause spontaneous increases in some liability and net worth lines on the balance sheet. The liability and net worth items that increase spontaneously with increases in sales include all of the following except

- a. accounts payable.
- b. notes payable.
- c. accrued salaries and wages.
- d. retained earnings.

5. Pro forma financial statements are used within a company for various purposes. They are not used for

- "what if" analysis, to forecast the effect of a proposed change.
- determining the company's future needs for external financing.
- comparison with actual results for performance reporting in order to determine employee bonuses.
- determining whether the company will be in compliance with required covenants on its long-term debt

V. 1. Hayden Ross has four booth rental options at the county fair where he plans to sell his new product for \$37.50 per unit with a cost of \$12.50.

Assuming there is a 40% probability that 70 units will be sold and a 60% probability that 40 units will be sold, which of the following booth rental options would maximize income?

- \$1,000 fixed fee.
- \$750 fixed fee + 5% of all revenues generated at the fair.
- 20% of all revenues generated at the fair.
- \$200 fixed fee + 16% of all revenues generated at the fair.

2. In using regression analysis, which measure indicates the extent to which a change in the independent variable explains a change in the dependent variable?

- p-value.
- r-squared.
- Standard error.
- t-statistic.

3. A large manufacturer's forecast of total sales revenues for a year is least likely to be influenced by

- the seasonal pattern of sales revenues throughout the year.
- anticipated interest rates and unemployment rates.
- expected shortages of key raw materials.
- input from sales personnel.

4. A manufacturing company notices that when its cumulative production doubles, it observes a 10% decrease in the average time it has taken to produce one unit of product, compared with the average time per unit before the doubling. Based on a cumulative average-time learning model, this decrease in unit production time implies a learning curve of

- 5%.
- 10%
- 90%.
- 110%

5. The letter x in the standard regression equation is best described as a(n)

- Independent variable.
- Dependent variable.
- Constant coefficient.
- Coefficient of determination.

VI.1. Which of the following factors would encourage entry into an existing market?

- Governmental subsidy for new investors
- High product differentiation, principally produced by trademarks.
- Knowledge of the industry, with high investments in development.
- Low exit fixed costs.

2. A company's mission statement is, above all, intended to define:

- The specific actions that the company should take.
- The weaknesses of the firm.
- Why the company exists, or its "reason to be."
- The company's profit objectives.

3. A company has developed and implemented a wireless charging feature into one of its flashlights. No other competitor in the marketplace currently offers this feature. In a marketing research study, the vast majority of consumers indicated that they would pay a premium for this feature. Which one of the following is the best strategy to bring this product to the market?

- Porter's cost strategy.
- Porter's focus strategy.
- Porter's differentiation strategy.
- Porter's segmentation strategy

4. During the strategic planning process, which one of the following is an external factor to be analyzed?

- Organizational culture.
- Societal culture.
- Employee morale.
- Organizational structure.

5. Which of the following steps in the strategic planning process should be completed first?

- Translate objectives into goals.
- Determine actions to achieve goals.
- Develop performance measures.
- Create a mission statement.

SECTION C

Answer any TWO of the following:

(2 X 5 = 10 marks)

VII.1. A company is preparing the sales budget for two potential products. Both products require the use of the same manufacturing equipment, which is available for only 60 hours each month. The contribution margin of product A is \$95 per unit and the contribution margin of product B is \$55 per unit. Product A requires 4 hours of machine time per unit and product B requires 2.5 hours per unit. In order to efficiently allocate the equipment resources, the company should manufacture

- product A, because the contribution margin is more per unit than product B.
- product B, because they can produce more units of that product than product A.
- product A, because it will make better use of the equipment than product B.
- product B, because it will make better use of the equipment than product A.

2. Which of the following is a disadvantage of participative budgeting?

- a. It is more time consuming.
- b. It decreases motivation.
- c. It decreases acceptance.
- d. It is less accurate.

VIII.1. Which of the following is not a characteristic of a tactical plan:

- a. Top management is responsible for development and overall implementation.
- b. It covers a period of time of from one year to three years.
- c. It is quantitative in focus.
- d. It relates to production, materials requirements, inventory, cash flows and income statements.

2. According to the BCG Growth-Share Matrix, all of the following are included in product life-cycle strategies except:

- a. Superior responsiveness to customers
- b. Aggressive pricing to increase market share quickly.
- c. "Milking" the product.
- d. Increase investment in the product to maximize market share.

IX.1. High Tech Industries, Inc. is in the process of preparing a competitive bid for the sale of a customized product. High Tech is currently manufacturing a comparable specialized component that is labor intensive with a long production run. The method that High Tech should use to project the cost of manufacturing the proposed new customized product is

- a. Regression analysis.
- b. Expected value analysis.
- c. Learning curve analysis.
- d. Monte Carlo simulation.

2. In the standard regression equation $y = a + b(x)$, the letter b is best described as a(n)

- a. Independent variable.
- b. Dependent variable.
- c. Constant coefficient.
- d. Variable coefficient.



CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025

COMMERCE

Financial Accounting

Duration:2 Hours

Max Marks:60

Section-A

Answer any TWO of the following :

2×15= 30

1. Prepare Trading and Profit and Loss Account for the year ending 31.12.2022 and a Balance Sheet as on that date from the Trial Balance of Rekha given below:

	Rs.	Rs.
Rekha's Drawings & Capital	3,000	50,000
Cash in hand& at Bank	13,800	--
Machinery (additions on 1.7.2022, Rs.6,000)	26,000	--
Leasehold Property for 10 years	40,000	--
Debtors& Creditors	10,000	8,000
Carriage on Sales	600	--
Office Expenses	8,000	--
Purchases and Sales	1,13,000	1,90,000
Salaries	11,000	--
Wages	3,000	--
Freight & Octroi	7,200	--
Discount	1,400	--
Stock (1-1-2022)	24,000	--
Commission	--	5,000
Outstanding Salaries	--	1,000
Mortgage Loan	--	6,000
Returns	2,000	3,000
	2,63,000	2,63,000

Adjustments:

- a. Stock on 31.12.2022 Rs.10,000.
- b. Debtors include Rs.1,200 due from Mohan and creditors include Rs.800 due to Mohan.
- c. Depreciate Machinery at 10% p.a.
- d. Goods costing Rs.4,000 were sent to a customer on sale or return basis on 30th December 2022. These were recorded as actual sales. The rate of gross profit was 25% on cost.
- e. Additional Bad debts written off Rs. 400.

2. From the details given below you are required to prepare Consignment A/c and Consignee's A/c in the books of the Consignor.

1. 10,000 litres of nitric acid at Rs.200 per litre sent to consignee.
2. Freight Rs.5,000 and insurance Rs.5,000 paid by the consignor.
3. Consignee has spent Rs.10,000 on selling. He is also entitled to 5% commission on sales.
4. 2,000 litres of acid was lost in transit due to breakage of jars. The insurance company admitted the claim for Rs.35,000.
5. The consignee reported a sale of 5,700 litres of nitric acid at Rs.250 per litre.
6. The consignee also has reported a loss of 400 litres of nitric acid due to leakage.

3. Mr. Dinesh keeps his books under Single Entry System. He furnishes the following information to you:

Assets and Liabilities on 1st April 2021:

Cash Rs.1,250; Bills Receivable Rs.10,000; Stock Rs.45,000; Debtors Rs.40,000; Provision for Doubtful debts Rs.750; Machinery Rs.30,000; Building Rs.55,000; Bank loan Rs.12,000; Creditors Rs.27,000; Bills payable Rs.1,500.

Cash Transactions upto 31st March 2022 are as follows:

	(Rs.)
Received from Debtors	1,72,000
Received from Bills Receivables	35,000
Received from Cash Sales	24,500
Paid to Creditors	1,10,000
Paid for Cash Purchases	25,000
Bills Payable honoured	45,000
Loan repaid	10,000
Salaries	9,000

Rent	6,000
General charges	1500
Drawings	15,000
Other transactions during the year:	
Total Purchases	
Total Sales	1,85,000
Discount allowed	2,35,000
Discount earned	1,250
Stock on 31-3-2022	1,850
Outstanding Salaries	90,000
Commission earned but not received	1,500
Bills Receivable on 31.3.2022	1,200
Bills Payable on 31.3.2022	35,000
	6,500

Prepare his Trading and Profit and Loss A/c for the year ending 31st March 2022 and a Balance Sheet as on that date after providing 6% for doubtful debts and depreciating Machinery by 5%.

Section-B

Answer any TWO of the following :

2×10= 20

4. Prepare Manufacturing Account from the following:

Particulars	Rs.	Particulars	Rs.
Opening Stock:		Closing Stock:	
Raw materials	32,000	Raw materials	24,000
Work in Progress	12,000	Work in Progress	10,000
Finished goods	25,000	Finished goods	30,000
Carriage on purchases	2,200	Depreciation on Furniture	1,500
Carriage on sales	4,500	Depreciation on Machinery	2,500
Sale of scrap	5,000	Repairs to plant	800
Purchase of raw materials	90,000	Factory expenses	3,200
Manufacturing wages	12,000	General expenses	5,000
Salaries	24,000	Motive power	3,500
Bad debts	2,000	Discount allowed	1,000
Stationery	400	Depreciation on Loose tools	1,200

Note: a) Materials of Rs. 6,500 were used by the proprietor for personal use.
 b) Factory expenses Rs. 1600 due.

5. Anand of Bangalore consigned 500 toys to Bhaskar of Mysore to be sold on consignment basis. The cost of one toy was Rs.200. Anand paid Rs.5,500 as freight and insurance and received Rs.40,000 as advance from Bhaskar. Bhaskar paid Rs.1,000 as octroi and carriage Rs.1,500 as rent and Rs.1,200 as insurance. 410 toys were sold by the consignee for Rs.1,10,000. He is entitled to commission of 5% on sales.

Prepare consignment A/c in the books of the Consignor.

6. A fire occurred in the premises of Madura Agencies on 31.5. 2022. The stock salvaged was Rs. 500. The stocks were insured for a sum of Rs.7,500 with a provision of average clause.

From the details given below ascertain the claim to be lodged:

	Rs.
Stock on 1.1. 2022	24,800
Purchases from 1.1. 2022 till the date of fire	55,600
Wages for the period 1.1. 2022 to 31.5. 2022	65,000
Sales from 1.1. 2022 till the date of fire	1,75,000
Goods distributed as free samples	4,800

On 31.12.2021 the stock was overvalued by Rs. 800. During April 2022 goods costing Rs. 2,000 were withdrawn for personal use.

Wages include Rs. 2,500 paid towards installing machinery. The rate of gross profit is 30% on Sales.

Section-C

Answer any TWO of the following : **2×5= 10**

7. From the following information, find out the total purchases.

	Rs.	Rs.
Opening Creditors	8,500	B/R endorsed to Creditors
Closing Creditors	6,700	Discount allowed by suppliers
Bills Payable issued during the year	9,800	Returns outwards
Cash paid to Suppliers	12,800	B/P dishonoured
Cash Purchases	18,400	Endorsed bill dishonoured

8. A fire occurred in the premises of Suman on 31.5.2022. The stock salvaged was Rs. 14,000.

The stocks were insured for a sum of Rs. 26,350 with a provision of average clause. From the details given below ascertain the claim to be lodged:

	Rs.
Stock on 1.1.2022	25,200
Purchases from 1.1.2022 till the date of fire	1,65,600
Carriage paid for the period 1.1.2022 to 31.5.2022	9,500
Sales from 1.1.2022 till the date of fire	1,80,000
Goods used by the trader	3,600

The rate of Gross Profit is 25% on Cost.

9. Explain in brief any five users of accounting information.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
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 and other information relating to the business of a sole trader, prepare trading and profit and loss account for the year ending 31st March, 2025 and Balance Sheet as on that date:

	Dr. (Rs.)	Cr. (Rs.)
Stock on 1 st April 2024	45,000	--
Purchases and Sales	3,10,000	5,20,000
Returns	5,000	10,000
Wages	15,000	--
Carriage on purchases	6,000	--
Discounts	500	700
General expenses	18,000	--
Salaries	50,000	--
Outstanding salaries	--	2,000
Depreciation	15,000	--
Insurance	2,500	--
Rent	8,000	--
Land and Buildings	1,00,000	--
Furniture	10,000	--
Debtors and Creditors	50,000	30,000
Bills Receivable and Payable	9,000	7,000
Drawings and Capital	5,000	1,49,300
Cash at Bank	70,000	--
	7,19,000	7,19,000

The following adjustments will have to be made:

- (i) Closing stock is to be valued at Rs.55,000.
- (ii) Purchases include Rs.2,000 for private use of the trader.
- (iii) Insurance Prepaid Rs.300.
- (iv) During the year, stock of the value of Rs.15,000 was destroyed by fire.

Insurance company has admitted the claim only to the extent of Rs.12,000.

- (v) Bills receivable and cheques dishonoured during the year amounted to Rs.2,000 and Rs.3,000 respectively. They need to be adjusted.

2. The Romeo Cycle Ltd, Mumbai forwarded on 1st Jan, 2025, 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. Two bicycles 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 per bicycle.

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 were settled by the consignee.

Prepare: Consignment A/c and Consignee's A/c in the books of the Consignor and Bad debts A/c in the books of the consignee.

3. From the following information relating to a Trader who keeps his books on Single Entry System, prepare: Trading, Profit & Loss Account for the year ending 31-12-2024 and a Balance Sheet as on that date.

	1-1-2024 (Rs.)	31-12-2024 (Rs.)
Creditors	18,000	?
Furniture	8,000	8,000
Debtors	?	55,000
Stock	12,000	10,500
Cash	24,000	?

Additional information:

	Rs.		Rs.
Receipts from Debtors	1,75,000	Bad Debts	1,000
Paid to Creditors	90,000	Discount Allowed	3,000
Total Sales (Including Cash Sales Rs.38,000)	2,25,000	Discount Received	2,500
Total Purchases (Including Cash Purchases Rs.23,000)	1,20,000	Rent	8,000
Sales Returns	2,000	Wages	8000
Purchase Returns	1,500	Trade Expenses	5000
Drawings	20,000	Outstanding Wages	800
Depreciate Furniture by 10%.		Prepaid Rent	600

4. The premises and stock of Deepak Stores were destroyed by fire on 30th January, 2025.

From the accounts and other records that were saved, the following information is available. The stock on hand has always been valued at 10% less than cost.

	2022 Rs.	2023 Rs.	2024 Rs.	2025 Rs.
Opening Stock as valued	27,090	32,400	36,000	36,900
Purchases (Less: Returns)	74,900	80,000	81,000	6,000
Sales (Less: Returns)	1,20,000	1,32,000	1,40,000	12,000
Wages	17,400	19,000	20,900	2,000
Closing Stock as valued	32,400	36,000	36,900	--

Prepare a statement for submission to Insurance Company in support of the claims for loss of stock. Stock salvaged amounted to Rs.3,360 and the policy amount was Rs.30,000. The claim was subject to average clause.

Section B

II. Answer any TWO questions:

(2×10= 20)

1. Prepare Manufacturing account from the following details of Mr. Shakthi:

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

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

2. Hari consigns to Madhu 40 cases of goods at a cost of Rs.5,000 per case and incurs Cartage Rs.4420 and Insurance Rs.12,500. On arrival of the goods, Madhu pays Clearing charges Rs.3,120, Cartage Rs.960 and Godown Rent Rs.200. 24 cases are sold at a total price of Rs.2,20,000. Madhu is entitled to an ordinary commission of 5% and 2% Del credere commission on sales. Madhu sent Hari an account sale together with a Bank draft for the balance due.

Prepare Consignment Account in the books of the consignor.

3. a. List any three merits and two demerits of Single entry system of Book keeping.
 b. From the following information, find out the Opening Capital.

	Rs.		Rs.
Creditors	64,800	Bills Receivable	14,850
Debtors	56,900	Bills Payable	17,600
Sundry Assets	67,000	Stock	9,000
Cash in Hand	7,500	Unpaid Expenses	1,650
Prepaid Expenses	980		

Section C

III. Answer any THREE questions:

(3×5= 15)

1. Explain the following:
a) Separate Business Entity Concept b) Convention of Conservatism
2. From the following, prepare Trading Account for the year ending 31.12.2024.

	Rs.
Sales	32000
Opening Stock	10000
Closing Stock	14000
Wages	600
Purchases	16000
Sales returns	2000
Purchase returns	1000
Wages outstanding	100
Goods destroyed by fire	3000
Goods withdrawn by the proprietor for personal use	1000
Advertisement	1400
Salary	800

3. Identify the Recurring and Non-recurring expenses of the Consignor from the following:
 1. Insurance charges
 2. Railway charges
 3. Customs duty
 4. Expenses on goods returned
 5. Discount charges on discounting bills
4. A fire occurred on 31st August, 2025 in the warehouse of Mr. Nirmal Kumar which was insured for fire claims. From the following particulars ascertain the amount to be claimed from the insurance company.

Stock on January 1, 2025	Rs.18,000
Purchases from Jan.1, 2025 to the date of fire	Rs.1,80,000
Wages and other manufacturing expenses	Rs. 21,500
Sales from January 1, 2025 to the date of fire	Rs.2,50,000

The rate of Gross Profit is 25% on sales. The stock salvaged was Rs.5,500.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION | OCTOBER 2025
COMMERCE
Principles of Management

Duration:3 Hours

Max Marks:80

Section A**I. Answer any THREE questions** $(3 \times 15 = 45)$

1. Explain the contributions of F W Taylor to the theory of management.
2. What is Planning? Explain the steps involved in Planning.
3. What is meant by Delegation of Authority? Explain its benefits.
4. Explain various performance appraisal methods used in the organizations.

Section B**II. Answer any TWO questions** $(2 \times 10 = 20)$

5. Briefly explain the essence of managership.
6. Explain the characteristics of Planning.
7. Write a note on Autocratic Leadership Style.

Section C**III. Answer any THREE questions** $(3 \times 5 = 15)$

8. Explain the essential elements of delegation of authority.
9. Explain the types of interviewing methods used by the interviewer.
10. Explain the need for Coordination.
11. Write a note on Budgetary Control and Financial Ratio Analysis.



CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
COMMERCE
Corporate Etiquette and Soft Skills

Duration:3 Hours

Max Marks:80

Section A

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

1. Explain the different types of listening and the process of effective listening.
2. You recently purchased a mobile phone that turned out to be defective or did not perform as advertised. After attempting to contact customer service and finding no satisfactory resolution. So write a complaint letter to the company requesting either a replacement, refund, or repair.
3. Narrate on the concept of Conflict Management.
4. Describe the process of Business Reports. Explain the key etiquette rules that should be observed during a business presentation. How do these impact audience engagement?

Section B

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

5. Explain alternative funding options available to startups.
6. Elaborate on the characteristics of Quality Circles.
7. What are the different Dimensions of communication? Explain each dimension with examples.

Section C

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

8. List and briefly explain the five main stages in the communication process.
9. What are Apology letters? Explain.
10. Briefly describe Paternalistic Leadership Style.
11. Define a resolution in the context of a formal meeting.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
COMMERCE
Corporate Etiquette and Soft Skills

Duration:3 Hours

Max Marks:80

Section A

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

1. Explain the process of communication in detail and explain why feedback is a crucial part of this process.
2. Elaborate on the parts of a Business Letter.
3. Discuss the levels of Conflict and provide examples for each level.
4. What are the key components of a well-prepared agenda and how does it guide in enhancing the efficiency and productivity of the meeting.

Section B

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

5. How do cultural factors influence personality development? Provide examples to support your explanation.
6. Elaborate on the characteristics of Quality Circles.
7. What are the different dimensions of communication? Explain each dimension with examples.

Section C

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

8. Explain the stages of listening process.
9. Write a note on acknowledgement letter.
10. What is meant by leadership skill?
11. Why is it important to clearly define the purpose of a business report?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
COMMERCE

International Financial Accounting

Duration:3 Hours

Max Marks:80

Section A

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

1. Dara entered into the following transactions:

1. Dara transferred \$10,000 of personal savings into a business bank account.
2. Dara then bought goods from Isa, a supplier, for \$1,000 and paid by cheque.
3. A sale was made for \$400 – the customer paid by cheque.
4. Dara made a sale for \$600 and the customer promised to pay at a later date.
5. Dara then bought goods from a supplier, Kamen, for \$500 on credit.
6. Dara paid a telephone bill of \$150 by cheque.
7. The credit customer paid the balance due on their account.
8. Dara paid Kamen \$340.

Journalize the transactions and prepare the ledger accounts.

2. A business commenced trading on 1 January and purchases were made as follows:

Month	No of units	Unit price \$	Value \$
Jan	380	2.00	760
Feb	400	2.50	1,000
Mar	350	2.50	875
Apr	420	2.75	1,155
May	430	3.00	1,290
Jun	440	3.25	1,430

2,420		6,510	

In June, 1,420 articles were sold for \$7,000.

i) What is the cost of closing inventory and gross profit for the period using the FIFO method?

ii) Storm Co, an entity, had 500 units of product X at 30 June 20X5. The product had been purchased at a cost of \$18 per unit and normally sells for \$24 per unit. Recently, product X started to deteriorate but can still be sold for \$24 per unit, provided that some rectification work is undertaken at a cost of \$3 per unit. What was the value of closing inventory at 30 June 20X5?

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

1. Inventory valuation at 30 June 20X7 was \$12,000.
2. Parul decided to write off an irrecoverable debt of \$1,000. This should be accounted for as an administrative and selling expense.
3. The wages cost should be split equally between cost of sales and administrative and selling expenses.
4. The bank loan was taken out on 1 July 20X6.
5. 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
6. 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. The statements of financial position of H and S as at 31 December 20X8 were as follows.

	H	S
	\$	\$
Noncurrent assets:		
Property, plant & equipment	85,000	18,000
Investments:		
Shares in S	60,000	
	145,000	
Current assets	160,000	84,000
	305,000	102,000
Equity:		

Equity shares @ \$1 each	65,000	20,000
Share premium	35,000	10,000
Retained earnings	70,000	25,000
	170,000	55,000
Current liabilities	135,000	47,000
	305,000	102,000

H acquired a 100% holding in S on 1 January 20X8. At that date S's retained earnings were \$15,000.

Prepare the consolidated statement of financial position for the H group as at 31 December 20X8.

Section B

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

5. Elaborate in detail accounting concepts in the preparation of financial statement
6. Tiger Trees (TT) owns and runs a golf club. Some years ago TT purchased land next to the existing course with the intention of creating a smaller nine-hole course. The cost of the land was \$260,000. Over time TT had the land revalued to \$600,000. TT has now decided that building the new course is uneconomic and has sold the land for \$695,000.

What accounting entries should TT make to reflect this disposal?

7. RIT Co has 200,000 25c shares in issue. At 1 January 20X6 the balance on the share premium account was \$75,000. The following transactions occur during the year ended 31 December 20X6:

31 January – A '2-for-5' rights issue was made which was fully taken-up by all shareholders. The issue price was \$1.80.

12 August – A 1-for-10' bonus issue was made using the share premium account.

What are the balances on the share capital and share premium accounts of RIT Co at 31 December 20X6?

Section C

III. Answer any THREE questions

(3×5= 15)

8. During the current year, Deep Blue Sea developed a new material from which the next generation of wetsuits will be made. This special material will ensure that swimmers are kept warmer than ever. The costs incurred meet the criteria to be classified as asset expenditure and by 31 December 20X5 year-end \$250,000 was been recognised as asset expenditure.

The wetsuits are expected to generate revenue for five years from the date that commercial production commences on 1 January 20X6. What amount is charged to the statement of profit or loss in the year ended 31 December 20X6?

9. In preparing an entity's bank reconciliation statement, the accountant finds that the following items have caused a difference between the cash at bank ledger account balance and bank statement balance:

- Direct debit \$530.
- Lodgements not credited \$1,200.
- Cheque paid in by the entity and dishonoured \$234.
- Outstanding cheques \$677.
- Bank charges \$100.
- Error by bank \$2,399 (cheque incorrectly credited to the account).

Which of these items will require an entry in the cash at bank ledger account?

10. The statement of Andy Carp Co at 31 December 20X8 shows the following balances:

- Non-current assets – \$10,000
- Current assets – \$3,400
- Share capital – \$200
- Non-current liabilities – \$2,100
- Current liabilities – \$1,700

The sales, purchases and expense records of Andy Carp Co were unfortunately destroyed and the directors need help to estimate the net profit for the year so that they can estimate its tax liability. The directors have informed you that the retained earnings of the entity at 31 December 20X7 were \$7,350.

What was the profit/loss (before tax) made by Andy Carp Co for the year ended 31 December 20X8?

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

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
COMMERCE
Management Accounting

Duration:3 Hours**Max Marks:80****Section A****I. Answer any THREE questions (3×15= 45)**

1. Newton Ltd manufactures two products. The expected sales for each product are shown below.

	Product1	Product2
Sales in units	3,000	4,500

Opening inventory is expected to be:

Product1	500units
Product2	700units

Management have stated their desire to reduce inventory levels, and closing inventory is budgeted as:

Product1	200units
Product2	300units

Two types of material are used in varying amounts in the manufacture of the two products. Material requirements are shown below:

	Product1	Product2
MaterialM1	2kg	3kg
MaterialM2	3kg	3kg

The opening inventory of material is expected to be:

Material M1	4,300 kg
Material M2	3,700kg

Management are keen to reduce inventory levels for materials, and closing inventory levels are to be much lower. Expected levels are shown below:

Material M1 - 2,200 kg Material M2 - 1,300kg

Material prices are expected to be 10% higher than this year and current prices are \$1.10/kg for material M1 and \$3.00/kg for material M2. Two types of labour are used in producing the two products. Standard times per unit and expected wage rates for the forthcoming year are shown below:

Hoursperunit	Product1	Product2
Skilled labour	3	1
Semi-skilled labour	4	4

Skilled labour is to be paid at the rate of \$9/ hour and semi-skilled labour at the rate of \$6/hour.

Production overheads per labour hour are as follows:

Variable \$3.50 per labour hour

Fixed \$5.50 per labour hour

Calculate the following:

1. The number of units of product1 to be produced
2. The number of units of product2 to be produced
3. The number of hours of skilled labour and the cost of this labour
4. The number of hours of semi-skilled labour and the cost of this labour

2. Inventory movements for product X during the last quarter were as follows:

January	Purchases	10 items at \$19.80 each
February	Sales	10 items at \$30 each
March	Purchases	20 items at \$24.50
	Sales	5 items at \$30 each

Opening inventory at 1 January was 6 items valued at \$15 each. Calculate the value of closing stock using weighted average cost method, FIFO & LIFO.

3. The following information is available for a company for Period 4.

Fixed production overheads	\$22,960
The standard time to produce each unit is 2 hours Actual	6,560
Fixed production overheads	\$24,200
Units	6,460
Labour hours	12,600

Calculate the following:

1. fixed overhead absorption rate per hour
2. fixed overhead capacity variance
3. fixed overhead efficiency variance
4. fixed overhead volume variance

4. A company has three production cost centres, Alpha, Beta and Gamma, and two service cost centres, Maintenance (M) and Payroll (P). The following table shows how costs have been allocated and the relative usage of each service cost centre by other cost centres.

Cost centre	Alpha	Production Beta	Gamma	Service M	P

Costs	\$30,000	\$40,000	\$20,000	\$20,500	\$20,700
Proportion M (%)	20	30	25	—	25
Proportion P (%)	25	25	30	20	—

Prepare the overhead analysis sheet below and reapportion the service cost centre overheads to the production cost centres using the reciprocal method.

Section B

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

5. Explain the risks associated with Big Data.
6. Charleville operates a continuous process producing three products and one by-product. Output from the process for a month was as follows:

Product	Selling price per unit	Units of output from process
1	\$18	10,000
2	\$25	20,000
3	\$20	20,000
4 (by-product)	\$2	3,500

Total joint costs were \$277,000.

What was the unit cost valuation for products using different types of basis for allocating joint costs assuming that the revenue receivable from the by-product is deducted from the joint costs?

7. A company is preparing its forecast sales information for the end of the current year. The actual sales information for the first nine months of the current year (20X1) is below:

Sales volume (units)

January	172,100
February	149,600
March	165,800
April	182,600
May	160,100
June	197,100
July	174,600
August	190,800
September	207,600

The sales volume trend is to be identified using a 5-point moving average.

What is the monthly trend?

Section C

III. Answer any THREE questions

(3×5= 15)

8. An organisation has the following total costs at three activity levels:

Activity level (units)	8,000	12,000	15,000
Total cost	\$204,000	\$250,000	\$274,000

Variable cost per unit is constant within this activity range and there is a step up of 10% in the total fixed costs when the activity level exceeds 11,000 units. What is the total cost at an activity level of 10,000 units?

9. AB Ltd makes a component for one of the engines that it builds. It uses, on average, 2,000 of these components, steadily throughout the year. The component costs \$16 per unit to make and it costs an additional \$320 to setup the production process each time a batch of components is made. The holding cost per unit is 10% of the unit production cost. The company makes these components at a rate of 200 per week, and the factory is open for 50 weeks per annum.

Calculate the EBQ.

10. What is the implication of Life Cycle costing in Pricing, Decision making and performance management?

11. 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 OCTOBER 2025
COMMERCE
Performance Management

Duration:3 Hours

Max Marks:80

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

1. June Company produces 3 products A, B and C. The company follows Activity Based Costing system. Information related to various costs of these products for the last year is as follows:

Particulars	A	B	C
Production and Sales (Units)	15000	12000	18000
Selling Price per unit. (\$.)	7.5	12	13
Raw Material Usage (kg) per unit	2	3	4
Direct labour hours per unit	0.1	0.15	0.2
Machine Hours per unit	0.5	0.7	0.9
No. of machine set up per annum	16	12	8
No. of purchase orders per annum	24	28	42
No. of deliveries to retailers per annum	48	30	62

The price of Raw materials remained constant through out the year at \$.1.2 per kg and the labour cost was \$.14.8 per hour. The annual Overhead costs are as follows:

Overheads	\$
Machine set up costs	26,550
Machine running costs	66,400
Procurement Costs	48,000
Delivery costs	54,320

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

2. A company produces two products in three departments. Details are shown below regarding the time per unit required in each department, the available hours in each department and the contribution per unit of each product:

	Product X: hours per unit	Product Y: hours per unit	Available hours
Department A	8	10	11,000
Department B	4	10	9,000
Department C	12	6	12,000
Contribution p.u.	\$4	\$8	

There is unlimited demand for Product X, but demand for Product Y is limited to 600 units per annum.

Determine the optimum production plan using a graph.

3. Shifters Haulage (SH) is considering changing some of the vans it uses to transport crates for customers. The new vans come in three sizes; small, medium and large. SH is unsure about which type to buy. The capacity is 100 crates for the small van, 150 for the medium van and 200 for the large van.

Demand for crates varies and can be either 120 or 190 crates per period, with the probability of the higher demand figure being 0.6.

The sale price per crate is \$10 and the variable cost \$4 per crate for all van sizes subject to the fact that if the capacity of the van is greater than the demand for crates in a period then the variable cost will be lower by 10% to allow for the fact that the vans will be partly empty when transporting crates.

SH is concerned that if the demand for crates exceeds the capacity of the vans then customers will have to be turned away. SH estimates that in this case goodwill of \$100 would be charged against profits per period to allow for lost future sales regardless of the number of customers that are turned away.

Depreciation charged would be \$200 per period for the small, \$300 for the medium and \$400 for the large van.

SH has in the past been very aggressive in its decision-making, pressing ahead with rapid growth strategies. However, its managers have recently grown more cautious as the business has become more competitive. (a) Prepare a profits table showing the SIX possible profit figures per period. **(9 marks)**

(b) Using your profit table from (a) above discuss which type of van SH should buy taking into consideration the possible risk attitudes of the managers. **(6 marks)**

4. Chapel Ltd manufactures a chemical protective called Rustnot. The following standard costs apply for the production of 100 cylinders:

		\$
Materials	500 kgs @ \$0.80 per kg	400
Labour	20 hours @ \$1.50 per hour	30
Fixed overheads	20 hours @ \$1.00 per hour	20
		450

The monthly production/sales budget is 10,000 cylinders. Selling price = \$6 per cylinder.

For the month of November the following production and sales information is available:

Produced/sold	10,600 cylinders
Sales value	\$63,000
Materials purchased and used 53,200 kgs	\$42,500
Labour 2,040 hours	\$3,100
Fixed overheads	\$2,200

You are required to prepare an operating statement in a marginal costing format for November detailing all the variances.

Section B

II. Answer any TWO questions

(2×10= 20)

5. a. R Company provides a single service to its customers. An analysis of its budget for the year ending 31 December 20X5 shows that, in Period 3, when the budgeted activity was 6,570 service units with a sales value of \$72 each, the margin of safety was 21.015%. The budgeted contribution to sales ratio of the service is 35%. Calculate the budgeted fixed costs in period 3. (5 marks)

b. Company Alpha produces Product N and Product O. Fixed overhead costs amount to \$2,000,000 every year. The following budgeted information is available for both products for next year

	Product N	Product O
Sales price	\$500	\$600
Variable cost	\$300	\$450
Contribution per unit	\$200	\$150
Budgeted sales (in units)	200,000	100,000

Calculate the breakeven revenue for the next year. (5 marks)

6. a. Bike Racers Co has designed a radically new concept in racing bikes, with the intention of selling them to professional racing teams. The estimated cost and selling price of the first bike to be manufactured and assembled is as follows:

Materials	\$1,000
Assembly labour (50 hours at \$10 per hour)	\$500
Fixed overheads (200% of assembly labour)	\$1,000
Profit (20% of total cost)	\$500
Selling price	\$3,000

Bike Racers Co plans to sell all bikes at total cost plus 20%, and the material cost per bike will remain constant, irrespective of the number sold. Bike Racers Co's management expects the assembly time to gradually improve with experience, and has estimated a 80% learning curve.

a) Mr Wiggo, a racing team manager, approached Bike Racers Co in January 20X5 and committed to buy the first bike, as well as the second bike produced. Calculate the price that should be charged by Bike Racers Co for the second bike produced.

b) Mr Froome, the manager of another racing team, approaches Bike Racers Co after Mr Wiggo. He offers to wait until the first two bikes are sold to Mr Wiggo and to then order the third and fourth bikes to be produced. What would be the average price per bike charged to Mr Froome?

7. Explain and interpret the Balanced Scorecard and the Building Block model proposed by Fitzgerald and Moon.

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.

- Calculate the throughput accounting ratio (TPAR).
- 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. A company produces and sells one product and its forecast for the next financial year is as follows:

	\$000	\$000
Sales 100,000 units @ \$8		800
Variable costs:		
Material	300	
Labour	200	500
Contribution per unit (\$3 per unit)		300
Fixed costs		150
Net profit		150

In an attempt to increase net profit, two proposals have been put forward:

1. To launch an advertising campaign costing \$14,000. This will increase the sales to 150,000 units, although the price will have to be reduced to \$7.
2. To produce some components at present purchased from suppliers. This will reduce material costs by 20% but will increase fixed costs by \$72,000.

Decide whether these proposals should be pursued.

10. The following is relevant for a production process for Period 1

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

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

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

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

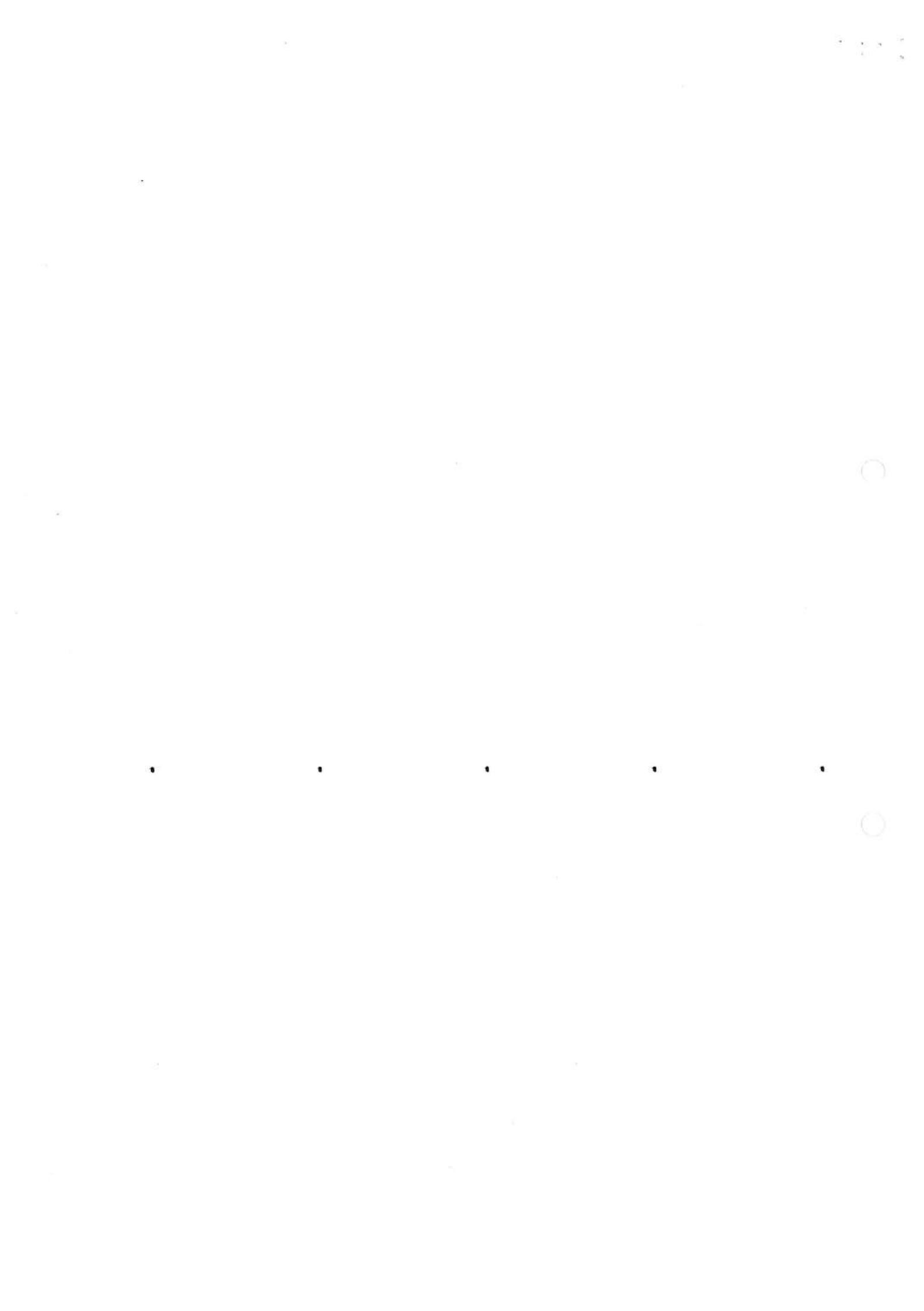
- joint costs are apportioned by market value
- joint costs are apportioned by production units.

11. a. Division A of the Robin Group makes a product A22, which it sells externally and to another division in the Group, Division B. Division B uses product A22 as a component in product B46, which it sells externally. There is a perfect external market for both A22 and B46. Division A sells product A22 externally for \$20. What is the Optimal Transfer Price? (2 marks)

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

	\$	\$
Non-current assets		100,000
Inventory	20,000	
Trade receivables	30,000	
	50,000	
Trade payables	8,000	42,000
		1,42,000

Calculate the ROI for the division. (3 marks)



CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025
PROFESSIONAL ACCOUNTING I

Duration: 3 hours**Max Marks: 80****SECTION – A**

I. Answer the following: **1 x 20 = 20**

1. A) What are the five considerations in determining capital and revenue expenditures? Explain each in a sentence. **(5 Marks)**

B) The following data is given by Mr. S, the owner, with a request to compile only the two personal accounts of Mr. H and Mr. R, in his ledger, for the month of April, 2025.

1 Mr. S owes Mr. R Rs. 15,000; Mr. H owes Mr. S Rs. 20,000.

4 Mr. R sold goods worth Rs. 60,000 @ 10% trade discount to Mr. S.

5 Mr. S sold to Mr. H goods prices at Rs. 30,000.

17 Record a purchase of Rs. 25,000 net from R, which were sold to H at a profit of Rs.15,000.

18 Mr. S rejected 10% of Mr. R's goods of 4th April.

19 Mr. S issued a cash memo for Rs.10,000 to Mr. H who came personally for this consignment of goods, urgently needed by him.

22 Mr. H cleared half his total dues to Mr. S, enjoying a $\frac{1}{2}\%$ cash discount (of the payment received, Rs. 20,000 was by cheque).

26 R's total dues (less Rs.10,000 held back) were cleared by cheque, enjoying a cash discount of Rs.1,000 on the payment made.

29 Close H's Account to record the fact that all but Rs. 5,000 was cleared by him, by a cheque, because he was declared bankrupt.

30 Balance R's Account. **(10 Marks)**

C) What are the advantages of Double Entry System? **(5 Marks)**

SECTION– B

II. Answer any SIX questions: (Out of 7 questions) **6 x 10 = 60**

2. A) State true or False with reasons:

i) Summarising is the basic function of accounting. All business transactions of a financial characters evidenced by some documents such as sales bill, pass book, salary slip etc. are recorded in the books of account.

ii) Management Accounting covers the preparation and interpretation of financial statements and communication to the users of accounts.

iii) The materiality depends only upon the amount of the item and not upon the size of the business, nature and level of information, level of the person making the decision etc.

iv) Accrual basis of accounting is the method of recording transactions by which revenues and costs and assets and liabilities are reflected in the accounts in the period in which actual receipts or actual payments are made.

- v) The nature of business is not an important criteria in separating an expenditure between capital and revenue.
- vi) Expenditure incurred for major repair of the asset so as to increase its productive capacity is Revenue in nature.
- vii) A claim that an enterprise is pursuing through legal process, where the outcome is uncertain, is a contingent liability.
- viii) Selection of an inappropriate accounting policy decision will overstate the performance and financial position of a business entity every time.
- ix) Change in accounting estimate has to be given retrospective effect.
- x) There are no limitations to accounting standards.

(10 Marks)

3. **A)** On 31 December 2024, Bank Statement of Samar & Co. was showing a favourable balance of Rs.1,05,980. This did not agree with the balance in the cash book. On scrutiny of the Cash Book and Bank Statement following discrepancies were found:

- (i) A deposit of 30,825 made on 29th December 2024 had not been credited by the bank till 31 December 2024.
- (ii) Cheques issued for Rs.48,400 not presented for payment till 31 December 2024.
- (iii) On 25th September 2024, the firm had entered into Hire Purchase agreement to pay by bank order a sum of Rs. 25,000 on the 10th of each month, commencing from October 2024. For this transaction no entries had been made in cash book.
- (iv) A customer of the firm, who received a cash discount of 4% on his account of Rs.2,00,000 paid the firm a cheque on 22 December. The Cashier erroneously entered the gross amount in the bank column of the Cash Book.
- (v) Bank Charges amounting to Rs.1,250 had not been entered in Cash Book
- (vi) Dividend of 25,000 collected by bank was not recorded in cash book.

Prepare Bank Reconciliation Statement as on 31st December 2024. **(6 Marks)**

B) Define Inventory. Give four points of significance of/need for inventory valuation. **(4 Marks)**

4. **A)** A Machinery costing Rs.20,00,000 is depreciated on straight line assuming 10 years working life and nil salvage value for four years. At the end of the fourth year, the machinery was revalued upwards by Rs.80,000. The remaining useful life of the machinery was also reassessed as 8 years at the end of the fourth year. Calculate the depreciation for 5th Year. **(5 Marks)**

B) Jio Hotstar acquired the streaming rights of a movie for Rs. 18,00,000 with the contracted duration of the streaming period being 10 years. At the beginning of the fourth year, based on the decline in viewership, Prime Streaming Co. decided to stream the movie only for the next 5 years. Required: Calculate amortisation for the fourth year. **(5 Marks)**

5. **A)** The following are some of the transactions of Digital Stores for the year 2024-25 as per their Rough Book:

- Sold to M/s Alpha Industries
- 10 Laptops @ Rs. 77,000 per laptop
- 5 Laserjet Printers @ 21,000 per printer
- Less: Trade Discount @ 15%
- Sold old furniture to Singh Consultants on credit Rs. 19,000
- Sold 20 Desktops to Brown & Co. @ Rs. 34,000 per desktop on credit
- Sold 10 Tablets to GOKU Institute @ Rs. 7,000 per tablet for cash

-Sold on credit to JAT Enterprises
 15 Mobile phone @ Rs. 25,000 per mobile phone
 10 External Hard Disk @ Rs. 4,500 per external hard disk
 Less: Trade Discount @ 10%
 Make out the Sales Book of Digital Store. (5 Marks)

B) Write short notes on:
 (a) Accommodation bill. (2 marks)
 (b) Renewal of bill. (2 marks)
 (c) Noting charges. (1 mark)

6. Mr. Vimal runs a factory which produces soaps. Following details were available in respect of his manufacturing activities for the year ended on 31.3.2025:

Opening Work-in-Process (10,000 units)	16,000
Closing Work-in-Process (12,000 units)	20,000
Opening inventory of Raw Materials	1,70,000
Closing inventory of Raw Materials	1,90,000
Purchases	8,20,000
Hire charges of machine @ Rs. 0.60 per unit manufactured	
Hire charges of factory	2,20,000
Direct wages-Contracted @ Rs. 0.80 per unit manufactured and @ Rs. 0.40 per unit of Closing W.I.P.	
Repairs and Maintenance	1,80,000
Units produced – 5,00,000 units	

Prepare a Manufacturing Account of Mr. Vimal for the year ended 31.3.2025.

(10 Marks)

7. According to the cash-book of G there was balance of Rs.4,45,000 in his bank on 30th June, 2025 On investigation you find that :

- (i) Cheques amounting to 60,000 issued to creditors have not been presented for payment till the date.
- (ii) Cheques paid into bank amounting to 1,10,500 out of which cheques amounting to Rs.55,000 only collected by bank up to 30th June 2025
- (iii) A dividend of Rs.4,000 and rent amounting to 60,000 received by the bank and entered in the pass-book but not recorded in the cash book.
- (iv) Insurance premium (up to 31st December, 2024) paid by the bank Rs.2,700 not entered in the cash book.
- (v) The payment side of the cash book had been under cast by Rs.500
- (vi) Bank charges Rs.150 shown in the pass book had not been entered in the cash book.
- (vii) A bill payable of Rs.20,000 had been paid by the bank but was not entered in the cash book and bill receivable for Rs.6,000 had been discounted with the bank at a cost of Rs.100 which had also not been recorded in cash book.

You are required:

- (1) To make the appropriate adjustments in the cash book, and
- (2) To prepare a statement reconciling it with the bank pass book.

(10 Marks)

8. Journalise the following transactions in the books of M/s. Shreeni Traders July, 2025

- 3 Sold Goods for Rs. 50,000, charged CGST and SGST @ 6% each.
- 4 Sold goods to Surjeet for Rs. 28,000 including CGST and SGST @ 6% each.
- 5 Received Rs. 25,200 from Surjeet in full settlement of his account of Rs. 28,000.
- 6 Sold goods to Kapil for Rs. 30,000 charged IGST @ 12%. Received Rs. 12,000 immediately and balance to be received after one month.
- 10 Kapil was allowed rebate of Rs. 5,000 as goods supplied to him were defective. These goods were sold by charging IGST @ 12%.
- 12 Sold goods to Manpreet for Rs. 1,00,000 at trade discount of 20% and charged IGST@12%
- 13 Goods of list price Rs. 20,000 returned by Manpreet.
- 17 Received commission of Rs. 15,000, charged CGST and SGST @ 6% each.

(10 Marks)

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**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025**  
**Quantitative Techniques I**

**Duration: 3 hours****Max Marks: 80****SECTION – A**

**I. Answer the following: (compulsory) **1 x 20 = 20****

1. a. For the variables  $x$  and  $y$ , the regression equations are given as  $7x - 3y - 18 = 0$  and  $4x - y - 11 = 0$ 
  - (i) Find the arithmetic means of  $x$  and  $y$ .
  - (ii) Identify the regression equation of  $y$  on  $x$ .
  - (iii) Find  $b_{xy}$  and  $b_{yx}$ .
  - (iv) Compute the correlation coefficient between  $x$  and  $y$ .
  - (v) Given the variance of  $x$  is 9, find the SD of  $y$ . **(10 Marks)**
- b. Mr. Roy is selected for three separate posts. For the first post, there are three candidates, for the second, there are five candidates and for the third, there are 10 candidates. What is the probability that Mr. Roy would be selected? **(5 marks)**
- c. If the variance of a random variable ' $x$ ' is 17 then what is variance of  $y = 2x + 5$ ? **(3 Marks)**
- d. 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)**

**SECTION – B**

**II. Answer any SIX questions: (Out of 7 questions) **6 x 10 = 60****

2. a) A, B and C are three mutually exclusive and exhaustive events such that  $P(A) = 2 P(B) = 3P(C)$ . What is  $P(B)$ ? **(5 marks)**
- b) The mean of set of 20 Observations is 18.3. The mean is reduced by 0.6 when a new observation is added to the set. The new observation is: **(5 Marks)**
3. There are two urns containing 5 red and 6 white balls and 3 red and 7 white balls respectively. If two balls are drawn from the first urn without replacement and transferred to the second urn and then a draw of another two balls is made from it, what is the probability that both the balls drawn are red?
4. a) The quartile deviation for the data is:  

$$\begin{array}{cccccc} x: & 2 & 3 & 4 & 5 & 6 \\ f: & 3 & 4 & 8 & 4 & 1 \end{array}$$

b) If 5 is subtracted from each observation of some certain item then its coefficient of variation is 10% and if 5 is added to each item then its coefficient of variation is 6%. Find original coefficient of variation.

5) 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.

6) 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) Find mode of the following data:

| 3 – 6 | 6 – 9 | 9 – 12 | 12 – 15 | 15 – 18 | 18 – 21 |
|-------|-------|--------|---------|---------|---------|
| 2     | 5     | 10     | 23      | 21      | 12      |

(5 Marks)

7) a) Find the median of the following:

|    |      |       |       |       |       |
|----|------|-------|-------|-------|-------|
| C1 | 0-10 | 10-20 | 20-30 | 30-40 | 40-50 |
| F  | 5    | 15    | 28    | 10    | 2     |

b) The mean and standard deviation of the salaries of the two factories are provided below:

| Factory | No. of Employees | Mean Salary | SD of Salary |
|---------|------------------|-------------|--------------|
| A       | 30               | Rs.4800     | Rs.10        |
| B       | 20               | Rs.5000     | Rs.12        |

i) Find the combined mean salary and standard deviation of salary.  
 ii) Examine which factory has more consistent structure so far as satisfying its employees are concerned.

8) 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)  $P(A/B)$  (ii)  $P(B/A)$  (iii)  $P(A'/B)$  (iv)  $P(A/B')$  (v)  $P(A'/B')$

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**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025**  
**BUSINESS ECONOMICS**

**Duration: 3 hours****Max Marks: 80**

**SECTION – A**

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

1. (a) What is meant by Capitalist Economy? State the characteristics of Capitalist Economy. **(8 marks)**
- (b) What are the merits of Capitalism? (any six) **(6 marks)**
- (c) What are the demerits of Capitalism? (any six) **(6 marks)**

**SECTION– B**

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

2. (a) Explain the Expansion phase of Business Cycle. **(5 marks)**
- (b) Explain any five features of Business Cycles. **(5 marks)**
3. What are Indifference Curves? Explain the properties of indifference curves.
4. (a) A car dealer sells new as well as used cars. Sales during the previous year were as follows:

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

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

What is the income elasticity of demand for the new as well as used cars? What inference do you draw from these measures of income elasticity? **(6 marks)**

(b) 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. **(4 marks)**

5. Explain the differences between Economics and Business Economics.
6. (a) What are Fixed Costs and Variable Costs? **(4 marks)**
- (b) Explain the functions of an entrepreneur. **(6 marks)**

7. Explain the classification of markets in Economics.

8. (a) Compute Marginal Utility from the table provided below and draw the Total Utility Curve and Marginal Utility Curve. **(6 marks)**

| Quantity of sweets consumed | Total Utility |
|-----------------------------|---------------|
| 1                           | 20            |
| 2                           | 34            |
| 3                           | 45            |
| 4                           | 50            |
| 5                           | 50            |
| 6                           | 46            |

(b) Explain the three classifications of Wants in Economics. **(4 marks)**

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**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025**  
**Financial Planning and Performance**

**Duration: 3 hours****Max Marks: 80****Note to Candidate:**

a) Questions 1 to 15 are Theory-based MCQs. Indicate only the correct option.  
 b) Questions 16 to 30 are Numerical problems. Full marks (2 marks each) will be awarded only if complete workings are clearly shown along with the final answer.

**SECTION A****Answer all the questions:****(2 X 30 = 60 marks)**

1. i) To avoid failure, a company must maintain a constant focus on all of the following except:
  - a) Identification and adoption of the best industrial practices.
  - b) The nature of the organization's previous strategy and strategic commitments.
  - c) Continuous improvement and learning.
  - d) The foundation and practices of competitive advantage.
 ii) Which of the following would not be an example of a strategic decision?
  - a) Management implements lean production in its operations.
  - b) The board is deciding to build a new plant costing \$12.5 million
  - c) The company replaces an old piece of equipment with a new more efficient machine
  - d) Management decides to cut administrative personnel by 5%.
2. i) Which of the following factors would encourage entry into an existing market?
  - a) Governmental subsidy for new investors
  - b) High product differentiation, principally produced by trademarks.
  - c) Knowledge of the industry, with high investments in development.
  - d) Low exit fixed costs.
 ii) Contingency planning is a process that companies undertake to:
  - a) Make certain that their capacity will be able to meet the expected demand as well as decide how to obtain this capacity.
  - b) Determine how to obtain the necessary financing for the future.
  - c) Understand how customer expectations have changed.
  - d) Prepare for future, external events.
3. i) When the organization develops a plan or plans to prepare for future, often unpredictable events, it is called:
  - a) Capital budgeting
  - b) Long-term business planning.
  - c) Short-term business planning.
  - d) Contingency planning.
 ii) When developing a budget, an external factor to consider in the planning process is
  - a) A change to a decentralized management system.
  - b) The implementation of a new bonus program.
  - c) Research and development dept., designed a new product.
  - d) The merger of two competitors.

4. i) Which one of the following best describes the role of top management in the budgeting process? Top management

- a) should be involved only in the approval process.
- b) lacks the detailed knowledge of the daily operations and should limit their involvement.
- c) needs to be involved, including using the budget process to communicate goals.
- d) needs to separate the budgeting process and the business planning process into two separate processes.

ii) In developing the budget for the next year, which one of the following approaches would most likely result in a successful budget with the greatest amount of positive motivation and goal congruence?

- a) Permit the divisional manager to develop the goal for the division that in the manager's view will generate the greatest amount of profits.
- b) Have senior management develop the overall goals and permit the divisional manager to determine how these goals will be met.
- c) Have the divisional and senior management jointly develop goals and objectives while constructing the corporation's overall plan of operation.
- d) Have the divisional and senior management jointly develop goals and the divisional manager develop the implementation plan.

5. i) One approach for developing standard costs incorporates communication, bargaining, and interaction among product line managers; the immediate supervisors for whom the standards are being developed; and the accountants and engineers before the standards are accepted by top management. This approach would best be characterized as a(n)

- a) Imposed approach.
- b) Authoritative approach.
- c) Engineering approach.
- d) Participative approach.

ii) Which one of the following best describes a reason why a company's budgeting should be based on the company's strategic plans?

- a) Helps control costs so that products can be sold profitably.
- b) Identifies resources needed to reach strategic goals.
- c) Identifies the external factors that have changed from the prior year and those that remain the same.
- d) Establishes standards to measure employee performance.

6. i) A company pays its production manager an annual bonus based on how well the manager performs against the production department's annual budgets. The production manager has been overestimating budgeted costs the past few years in order to obtain a higher bonus payment. The production manager's actions are best described as

- a) motivating employee effort
- b) building budgetary slack
- c) balancing production costs
- d) setting budgeted performance.

ii) Jura Corporation is developing standards for the next year. Currently XZ-26, one of the material components, is being purchased for \$36.45 per unit. It is expected that the component's cost will increase by approximately 10% next year and the price could range from \$38.75 to \$44.18 per unit depending on the quantity purchased. The appropriate standard for XZ-26 for next year should be set at the

- a) current actual cost plus the forecasted 10% price increase.
- b) lowest purchase price in the anticipated range to keep pressure on purchasing to always buy in the lowest price range

- c) highest price in the anticipated range to ensure that there are only favorable purchase price variances.
- d) price agreed upon by the purchasing manager and the appropriate level of company management

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- c) highest price in the anticipated range to ensure that there are only favorable purchase price variances.
- d) price agreed upon by the purchasing manager and the appropriate level of company management

10. i) A budget in which each quarter is superseded by the next, encouraging management to think about the upcoming quarter is a

- a) flexible budget.
- b) master budget.
- c) rolling budget.
- d) sales budget.

ii) The use of standard costs in the budgeting process signifies that an organization has most likely implemented a

- a) Flexible budget.
- b) Capital budget.
- c) Zero-base budget.
- d) Static budget.

11. i) A pro forma income statement for a manufacturing company is built on projections of all of the following except

- a) marketing costs.
- b) production overhead.
- c) cash balances.
- d) ending inventory.

ii) A profitable firm that is experiencing rapid sales growth will find that its need for external financing will

- a) decrease, because the higher sales will lead to higher profits, and the added profits will provide more cash.
- b) increase, because of its need for additional investment in working capital and fixed assets to support the increased sales.
- c) decrease, because more inventory will be sold and the decrease in inventory will generate additional cash.
- d) increase, because in order to increase sales, the firm must decrease its prices, which will lead to decreased profits and decreased cash.

12. i) Which one of the following is an incorrect description of transfer pricing?

- a) It measures the value of goods or services furnished by a profit center to other responsibility centers within a company.
- b) If a market price exists, that price may be used as a transfer price.
- c) It measures exchanges between a company and external customers.
- d) If no market price exists, the transfer price may be based on cost.

ii) The most fundamental responsibility center affected by the use of market-based transfer prices is a(n):

- a) Production center.
- b) Investment center.
- c) Cost center.
- d) Profit center.

13. i) Which of the following techniques would be best for evaluating the management performance of a department that is operated as a cost center?

- a) Return on assets ratio.
- b) Return on investment ratio.
- c) Payback method.
- d) Variance analysis.

ii) All of the following are issues that should be considered in evaluating performance when common costs are allocated to business segments except that

- a) cost allocations are not included in the calculation of long-term cost per unit.
- b) common costs are not controllable by segment managers,
- c) the allocation can be affected by the cost drivers used by other segments.
- d) there may be no cause-and-effect relationship between an allocated cost and the segment's operations.

14. i) Kern Manufacturing has several divisions and evaluates performance using segment income. Since sales include transfers to other divisions, Kern has established a price for internal sales as cost plus 10%. Red Division has requested 10,000 units of Green Division's product. Green Division is selling its product externally at a 60% markup over cost. The corporate policy will encourage the Green Division to

- a) Transfer the product to the Red Division because all costs are being covered and the division will earn a 10% profit.
- b) Reject the sale to the Red Division because it does not provide the same markup as external sales.
- c) Accept the sale to the Red Division if it is operating at full capacity and the sale will contribute to fixed costs.
- d) Transfer the product to the Red Division if it does not require the Green Division to give up any external sales.

ii) Which one of the following is an incorrect description of transfer pricing?

- a) It measures the value of goods or services furnished by a profit center to other responsibility centers within a company.
- b) If a market price exists, this price may be used as a transfer price.
- c) It measures exchanges between a company and external customers.
- d) If no market price exists, the transfer price may be based on cost.

15. i) Use of a standard cost system can include all of the following advantages except that it

- a) Assists in performance evaluation.
- b) Emphasizes qualitative characteristics.
- c) Permits development of flexible budgeting.
- d) Allows employees to better understand what is expected of them.

ii) A company applies variable overhead based upon direct labor hours and has a variable overhead efficiency variance that is \$25,000 favorable. A possible cause of this variance is that

- a) higher skilled labor was used.
- b) electricity rates were lower than expected.
- c) less supplies were used than anticipated.
- d) less units of finished goods were produced.

16. For the current period production levels, Woodwork Co. budgeted 11,000 board feet of production and purchased 15,000 board feet. The material cost was budgeted at \$7 per foot. The actual cost for the period was \$8.50 per foot. What was Woodwork's material price variance for the period?

17. Garland Company uses a standard cost system. The standard for each finished unit of the product allows for 3 pounds of plastic at \$0.72 per pound. During December, Garland bought 4,500 pounds of plastic at \$0.75 per pound and used 4,100 pounds in the production of 1,300 finished units of product. What is the materials purchase price variance for the month of December?

18. 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. What is the predetermined, standard variable overhead rate per direct labor hour?

19. A company had a total labor variance of \$15,000 favorable and a labor efficiency variance of \$18,000 unfavorable. What is the labor price variance?

20. The following performance report was prepared for Dale Manufacturing for the month of April.

|                  | Actual Results | Static Budget | Variance  |
|------------------|----------------|---------------|-----------|
| Sales units      | 100,000        | 80,000        | 20,000F   |
| Sales dollars    | \$190,000      | \$160,000     | \$30,000F |
| Variable costs   | 125,000        | 96,000        | 29,000U   |
| Fixed costs      | 45,000         | 40,000        | 5,000U    |
| Operating income | \$20,000       | \$24,000      | \$4,000U  |

Using a flexible budget, what is Dale's total sales-volume variance?

21. Performance results for four geographic divisions of a manufacturing company are shown below.

| Division on Sales | Target Return on Investment | Actual Return on Investment | Return on Sales |
|-------------------|-----------------------------|-----------------------------|-----------------|
| A                 | 18%                         | 18.1%                       | 8%              |
| B                 | 16%                         | 20%                         | 8%              |
| C                 | 14%                         | 15.8%                       | 6%              |
| D                 | 12%                         | 11%                         | 9%              |

Which division has the best performance?

22. The Leather Goods Division of Zack Corp. had the following information for 20X3:

|                         |           |
|-------------------------|-----------|
| Sales                   | \$500,000 |
| Operating income        | 50,000    |
| Assets                  | 200,000   |
| Required rate of return | 10%       |

What amount of residual income did the Leather Goods Division have?

23. The Alpha Division of a company, which is operating at capacity, produces and sells 1,000 units of a certain electronic component in a perfectly competitive market. Revenue and cost data are as follows:

|                |          |
|----------------|----------|
| Sales          | \$50,000 |
| Variable costs | 34,000   |
| Fixed costs    | 12,000   |

What is the minimum transfer price that should be charged to the beta division of the same company for each component?

24. Division Z of a company produces a component that it currently sells to outside customers for \$20 per unit. At its current level of production, which is 60% of capacity, Division Z's fixed cost of producing this component is \$5 per unit and its variable cost is \$12 per unit. Division Y of the same company would like to purchase this component from Division Z for \$10. Division Z has enough excess capacity to fill Division Y's requirements. The managers of both divisions are compensated based on reported profits. What transfer price will maximize total company profits and be most equitable to the managers of Division Y and Division Z?

25. What is the required unit of production level given the following factors?

|                                | Units |
|--------------------------------|-------|
| Projected sales                | 1,000 |
| Beginning Inventory            | 85    |
| Desired Ending Inventory       | 100   |
| Prior-year beginning Inventory | 200   |

26. DeBerg Company has developed the following sales projections for the calendar year.

|           |           |
|-----------|-----------|
| May       | \$100,000 |
| June      | 120,000   |
| July      | 140,000   |
| August    | 160,000   |
| September | 150,000   |
| October   | 130,000   |

Normal cash collection experience has been that 50% of sales are collected during the month of sale and 45% in the month following sale. The remaining 5% of sales is never collected. What is DeBerg's budgeted cash collections for the third calendar quarter?

27. Savior Corporation assembles backup systems for home computers. For the first quarter, the budget for sales is 67,500 units. Savior will finish the fourth quarter of last year with an inventory of 3,500 units, of which 200 are obsolete. The target ending inventory is 10 days of sales (based upon 360 days). What is the budgeted production for the first quarter?

28. A company has determined the following standards for production of its dining tables.

|                                      |
|--------------------------------------|
| Square feet of oak per table: 10     |
| Price per square foot of oak: \$3.50 |
| Number of screws per table: 12       |
| Price per screw: \$0.50              |

The company expects a 10% increase in the cost of oak and a 5% decrease in the cost of screws. What is the new standard cost per table?

29. Kimber Company has the following unit cost for the current year.

|                                 |         |
|---------------------------------|---------|
| Raw material                    | \$20.00 |
| Direct labor                    | 25.00   |
| Variable manufacturing overhead | 10.00   |
| Fixed manufacturing overhead    | 15.00   |
| Total unit cost                 | \$70.00 |

Fixed manufacturing cost is based on an annual activity level of 8,000 units. Based on these data, what is the total manufacturing cost expected to be incurred to manufacture 9,000 units in the current year?

30. Simson Company's master budget uses straight-line depreciation on factory equipment of \$258,000. The master budget was prepared at an annual production volume of 103,200 units of product. This production volume is expected to occur uniformly throughout the year. During September, Simson produced 8,170 units of product, and the accounts

reflected actual depreciation on factory machinery of \$20,500. Simson controls manufacturing costs with a flexible budget. What is the flexible budget amount for depreciation on factory machinery for September?

## SECTION B

**Answer any FOUR questions:**

**(4 X 5 = 20 marks)**

1. Warmtech is a start-up firm created by three medical school classmates, Kane, Martin, and Sophie, shortly after they graduated. They envisioned using laser technology to enable less intrusive surgery and selling it to hospitals and clinicians. In recent years, the corporation has been suffering. Sales have varied, and the corporation is frequently left with unsold goods inventories.

Kane creates monthly production plans based on the preceding two months' sales. The acquisition of inventory is triggered by the manufacturing schedule. Sophie keeps track of sales and inventory levels, and she devises promotions to move slow-moving stock. Martin keeps an eye on the cash flow and, when necessary, borrows from a line of credit. The company's founders hired a consultant to help them increase sales, cut expenses, and keep inventories under control. As the initial step in boosting performance, the expert suggested adopting a structured budgeting procedure.

- a) Explain the importance of budgeting in strategic planning. (3 marks)
- b) Identify and explain the three elements of an effective budgeting process (2 marks)

2. The executives at Stark Inc., a plumbing supply manufacturer, recently reviewed production capacity for the upcoming year and set production budgets. Based on the number of units that they expected to produce, they budgeted sales and set sales targets for each of their retail locations. They did not ask for the input of the individual store managers as they believed that they had sufficient information and they wanted to ensure that the store targets were not easily attainable. When the actual sales numbers started to come in, they were much lower than the budget. In investigating the variance, the company found that one location had a new competitor that had opened just down the street, and another had significant road construction that impeded the traffic flow and cut down on customers. There were also some new products on the market that were cutting into the company's market share. Because of the missed sales budget, the company had over-produced resulting in excess inventory.

- a) Which two factors did management fail to consider in this scenario and what was the impact? (2 marks)
- b) Identify and describe three characteristics that define a successful budgeting process. (3 marks)

3. 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.

- a) 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. (2 marks)
- b) Define budgetary slack. Identify and explain two negative effects that budgetary slack can have on the budgeting process. (3 marks)

4. Legal Corporation offers a wide range of legal services to its customers. Each of the firm's attorneys can negotiate billing rates with their clients. Legal Corporation set a budget at the start of the year to better manage its operations. Total billed hours, amount billed per hour, and variable expense per hour were all included in the budget. Unfortunately, the firm failed to meet its budgeted goals for last year. The results are shown below.

|                    | Actual | Budget |
|--------------------|--------|--------|
| Total hours billed | 5,800  | 6,100  |
| Amount billed/hour | \$375  | \$425  |

The hourly variable expense was estimated at \$50, but the total variable expense was \$290,000. The reasons for the firm's failure to fulfill its budgeted targets are a source of contention among the attorneys.

- What is the benefit of having a flexible budget rather than a static budget to analyze Legal Corporation's results for the previous year? Give an explanation for your response. (3 marks)
- Describe how to create a flexible budget for Legal Corporation and how to calculate budget deviations. (2 marks)

5. Klein, Thompson's CFO, has determined that the Motor Division has purchased switches for its motors from an outside supplier during the current year rather than buying them from the Switch Division. The Switch Division is operating at full capacity and demanded that the Motor division pay the price charged to outside customers rather than the actual full manufacturing costs as it has done in the past. The Motor Division refused to meet the price demanded by the Switch Division. The Switch Division contracted with an outside customer to sell its remaining switches and the Motor division was forced to purchase the switches from an outside supplier at an even higher price.

Klein is reviewing Thompson's transfer pricing policy because she believes that sub-optimization has occurred. While Klein believes the Switch Division made the correct decision to maximize its divisional profit by not transferring the switches at actual full manufacturing cost, this decision was not necessarily in the best interest of Thompson.

Klein has requested that the corporate Accounting Department study alternative transfer pricing methods that would promote overall goal congruence, motivate divisional management performance, and optimize overall company performance.

The three transfer pricing methods being considered are listed below. One of these methods will be selected, and will be applied uniformly across all divisions.

- Standard full manufacturing costs plus markup.
- Market selling price of the products being transferred.
- Outlay (out-of-pocket) costs incurred to the point of transfer plus opportunity cost per unit.

- Identify and explain two positive and two negative behavioral implications that can arise from employing a negotiated transfer price system for goods that are exchanged between divisions. (2 marks)
- Discuss the likely behavior of both "buying" and "selling" divisional managers if Thompson Corporation uses standard full manufacturing costs plus markup. (3 marks)

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**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**B.Com. FIRST SEMESTER DEGREE EXAMINATION OCTOBER 2025**  
**COMMERCE**

**Essentials of Logistics and Supply Chain Management**

**Duration:3 Hours**

**Max Marks:80**

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**Section A**

**I. Answer the following: (Compulsory) (1×15= 15)**

**1. Warehouse Bottlenecks at GreenGrocer Distribution**

GreenGrocer Distribution is a wholesale supplier of organic and perishable food products, with a 75,000-square-foot warehouse in Hyderabad, India. GreenGrocer distributes fresh produce, dairy products, and packaged organic goods to supermarkets and grocery stores across South India. In recent years, the demand for organic products has surged, but GreenGrocer has struggled to keep up with the growing volume of orders.

The company has been receiving complaints from its clients about the late delivery of products, stock-outs of popular organic items, and occasional receipt of spoiled goods. These issues have led to strained relationships with retailers and a decrease in repeat business.

**Current Warehouse Operations**

- Inventory Management:** GreenGrocer's warehouse stores products based on their type (e.g., fresh produce, dairy, packaged goods), with little regard for their sales velocity or perishability. Inventory tracking is done manually, often resulting in delays in reordering fast-moving items or incorrect stock levels being reported. Spoilage of perishable goods is a frequent issue, as items are not prioritized by their expiration dates.

- Order Processing:** Orders are processed in a first-come, first-served manner. GreenGrocer's warehouse team handles orders sequentially, which often leads to delays, especially for time-sensitive fresh produce. There is no system in place to prioritize urgent orders, such as those for highly perishable items or high-volume clients.

- Space Utilization:** The warehouse has a traditional shelving system, and products are stored without considering their turnover rate. High-turnover items, like fresh produce, are often stored in the back of the warehouse, requiring workers to spend additional time retrieving them. Conversely, slow-moving packaged goods are placed in more accessible areas, wasting valuable space.

- **Return Management:** Returned goods, especially fresh produce, are not handled efficiently. Defective or spoiled items are often mixed back into regular inventory without a proper inspection. This has led to complaints from retailers receiving subpar products. GreenGrocer lacks a dedicated return management process, which causes delays in processing returns and confusion among the warehouse staff.

#### **Business Impact**

GreenGrocer's warehouse inefficiencies have led to several critical issues:

1. Increased spoilage of perishable goods, leading to higher operational costs.
2. Frequent stock-outs of fast-moving items, resulting in lost sales and frustrated clients.
3. Delayed deliveries, particularly for time-sensitive products, damaging client relationships.
4. Inefficient use of warehouse space, contributing to slower order processing times.
5. Poor handling of returns, resulting in client dissatisfaction and higher return rates.

GreenGrocer's management is aware that its current warehouse practices are unsustainable in the long term and is looking to make significant changes to improve efficiency, reduce spoilage, and enhance customer satisfaction.

#### **Questions:**

- A. Evaluate the inventory management practices at GreenGrocer Distribution. How do they contribute to spoilage and stock-outs?
- B. What inefficiencies exist in GreenGrocer's order processing system? How do these impact the distribution of perishable goods?
- C. Analyze the space utilization at GreenGrocer's warehouse. How does poor space management affect the company's overall efficiency?
- D. Discuss the return management process at GreenGrocer. What issues arise from the current system, and how might they affect the company's reputation?

### **Section B**

#### **II. Answer any FOUR questions**

**(4×10= 40)**

2. What recent developments have occurred in the field of logistics and supply chain management?
3. Discuss the potential challenges organizations may face when trying to improve their customer service.
4. What are most effective supply chain management methods?
5. What do you mean by Logistics? Explain the elements and types of Logistics.
6. Explain the features of Supply chain management

## Section C

### III. Answer any FIVE questions

(5×5= 25)

7. Why is information transfer an important element in supply chain management ?
8. What are the benefits of implementing blockchain technology in supply chain operations, particularly in terms of reducing fraud and errors?
9. Explain the meaning Customer order decoupling point.
10. Explain Reverse logistics with an example
11. Describe about cross demand and market demand with an example
12. What are five key reasons why customer satisfaction is critical in supply chain management, and how do they contribute to long-term business success?

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