

5/H-76 (xiii) (c) (Syllabus-2015)

2019

( October )

COMMERCE

( Honours )

( BC-505 )

( Bank Management )

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. What are the statutory norms of RBI mandatory for Indian commercial banks? How are they useful for the smooth functioning of a banking system? 5+10=15

Or

- (a) Elaborate on the present structure of Indian private sector banks. 7½
- (b) Give a short account of corporate governance practices in Indian banking. 7½
2. What are the major areas of bank financial management? Explain them. 15

20D/171

( Turn Over )

Or

- (a) Explain the process of performance budgeting in banks. 10
- (b) Write a note on the composition of Board of Directors of a bank. 5

- 3. What are the various deposit schemes normally a commercial bank offers to public? What are the purposes of offering a variety of such schemes? Elaborate.  $7\frac{1}{2}+7\frac{1}{2}=15$

Or

Explain Tier I and Tier II capital. Why banks need to have both the tiers of capital?  $10+5=15$

- 4. (a) Elaborate the features of working capital loan and agricultural loan.  $5+5=10$
- (b) How does liquidity concern impact investment decision of a bank? 5

Or

- (a) What are unsecured loans? Elaborate any two of them.  $7\frac{1}{2}$
- (b) Discuss the important causes of NPAs in Indian banks.  $7\frac{1}{2}$

- 5. (a) Explain the term 'risk' and discuss its impact on bank performance.  $7\frac{1}{2}$
- (b) What is market risk? How does it affect bank's Balance Sheet?  $7\frac{1}{2}$

Or

- (a) Write a short note on the 'basic indicator' approach to measure the operational risk.  $7\frac{1}{2}$
- (b) What are the sources of liquidity risk? Explain any two of them.  $7\frac{1}{2}$

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**5/H-76 (xiii)(a) (Syllabus-2015)**

**2 0 1 7**

( October )

**COMMERCE**

( Honours )

( **Financial Services** )

( BC-503 )

*Marks : 75*

*Time : 3 hours*

*The figures in the margin indicate full marks  
for the questions*

1. (a) What do you mean by Financial Services? State the basic features of financial services. 3+5=8
- (b) Discuss the role of Financial Services in economic development. 7

*Or*

Give an overview of the financial services industry in India. 15

( 2 )

2. (a) "Banking system is the backbone of any economy." Justify. 10

(b) What is risk in insurance? 5

Or

What are the insurance services that help trade and business? Explain them. 15

3. What are non-banking financial companies? How are they different from banking companies? What role they play in an economy? 3+5+7=15

Or

What are the benefits of investing in Mutual Fund? Explain any four mutual fund schemes. 5+10=15

4. (a) What do you mean by investment portfolio? 3

(b) Explain the credit rating process. 12

Or

(a) What do you mean by dematerialization of financial securities? 5

(b) Discuss the role of Merchant Banking in the promotion and development of Industry. 10

( 3 )

5. (a) What is factoring? What benefit business get out of factoring? 2+6=8

(b) Explain the role of Venture Capital Fund in promoting small and medium enterprises. 7

Or

(a) Why do business merge? What benefit they expect from such activities? 2+8=10

(b) Distinguish between Financial lease and Operating lease. 5

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2018

( October )

COMMERCE

( Honours )

( Financial Services )

( BC-503 )

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. What are the usefulness of financial services? Give a brief account of the importance of such services in the mobilisation of small savings. 8+7=15

Or

“A growing economy provides expanding scope for financial services.” Elaborate the statement in the context of the financial services sector of India in the post-liberalisation period. 15

- 2. (a) How does Internet help banking operations? Explain. 8
- (b) Give an account of micro-insurance business in India. 7

Or

- (a) Discuss the recent initiatives by Indian banks to reach out the poorest section of society. 8
- (b) What is term insurance? How do endowment insurance schemes differ from it? 3+4=7

- 3. (a) Describe the features of money market mutual funds. 8
- (b) What are the roles of Employees Provident Fund Organisation? 7

Or

- (a) What is a micro-finance institution? State the role of micro-finance in reduction of poverty. 3+5=8
- (b) What is SIP? How does it help mutual fund investor? 2+5=7

- 4. (a) What are depositories? How do they differ from stock exchanges? 2+3=5
- (b) Explain the advantages of credit rating. 10

Or

- (a) What do you mean by wealth management and how are they useful to the individual investors? 3+5=8

- (b) Discuss the services rendered by stock-brokers. 7

- 5. (a) Discuss the process of securitisation of illiquid assets of financial institution. 8

- (b) How does venture capital financing assist new entrepreneur? 7

Or

- (a) Name four lease financing companies operating in India. Elaborate the sequential step in lease financing. 2+8=10

- (b) Explain the benefits of mergers and acquisitions. 5

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5/H-76 (xiii) (a) (Syllabus-2015)

2019

( October )

COMMERCE

( Honours )

( BC-503 )

( Financial Services )

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks for the questions*

1. Discuss the various types of fund based and non-fund based financial services.  $7\frac{1}{2}+7\frac{1}{2}=15$

Or

What are the features of financial intermediaries? Give an overview of financial services industry in India.  $5+10=15$

2. (a) What is retail banking? What are the main drivers of retail banking in India?  $2+6=8$
- (b) Outline the salient features of two innovative insurance services in India. 7

Or

Write short notes on : 5+5+5=15

- (a) Bancassurance
- (b) Corporate Banking Services
- (c) Non-insurable risk

3. Briefly discuss the composition of NBFCs in India and explain the role of housing finance companies.  $7\frac{1}{2}+7\frac{1}{2}=15$

Or

(a) Define money market mutual funds and state the recent changes in the mutual funds industry in India. 2+6=8

(b) What are the various pension funds operating in India? Briefly discuss the functions of any one of them. 7

4. (a) What is forex management service? Who are the organisations providing such services? 5

(b) State the importance of Merchant Banking and Custodian Services. 5+5=10

Or

(a) Explain the role played by stock exchanges in protecting investors' interests. 8

(b) What are the important features of credit rating in India? 7

( 3 )

5. (a) "The role of 'factors' has increased significantly in India." Comment. 7

(b) Discuss the scope and objectives of venture capital funds in India. 8

Or

(a) Write a note on the sources of hire-purchase finance in India. 10

(b) "Lease is always cheaper than the conventional borrowing." Do you agree? Justify. 5

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**5/H-76 (xiii) (d) (Syllabus-2015)**

**2019**

( October )

**COMMERCE**

( Honours )

( BC-506 )

**( Rural and Agricultural Marketing )**

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. Explain the changing role of marketing in promoting agriculture in both rural and urban economy. 15

Or

“Market research supplies information for better marketing decision.”

In the light of the above statement, explain the nature and scope of agricultural marketing research and how research can benefit farmers in making better marketing decision. 15

2. Define agricultural marketing. Elaborate on the different legislations on marketing of agricultural products in India. 5+10=15

20D/172

( Turn Over )

Or

What do you mean by regulated market?  
Mention the functions of regulated market.  
Why should the government regulate the market and how does a regulation influence agri-business? 3+7+5=15

3. Write notes on the following : 5×3=15
- (a) Word-of-mouth communication
  - (b) Community Internet Access in rural areas
  - (c) Digital Green

Or

- (a) Explain the concept of cooperative marketing in agriculture. State the essential features of cooperative marketing societies. 3+5=8
- (b) Discuss the importance of folk media in carrying out rural marketing programmes. 7

4. (a) State the functions of State and Central Warehousing Corporation. 8
- (b) Elaborate on the contribution of ICT connectivity to support farmers in smooth exchange of agricultural information. 7

Or

What are the different channels of distribution for agricultural products? Are intermediaries necessary in agricultural marketing channels or is direct marketing an option? Substantiate your answer with suitable examples. 9+6=15

5. (a) Briefly describe the major agricultural marketing reforms taken place to tackle the problems faced by the Indian farmers on pricing and selling of agricultural produces. 10
- (b) State the challenges of livestock pricing and distribution in India. 5

Or

Write notes on the following : 5×3=15

- (a) Nestle India
- (b) Public-Private Partnership
- (c) E-choupal

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**5/H-76 (xiii)(b) (Syllabus-2015)**

**2 0 1 7**

( October )

**COMMERCE**

( Honours )

**( Service Management )**

( BC-504 )

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. (a) Discuss the unique characteristics of services that differentiate it from the product. 7
- (b) How does the '7 Ps' of services help in overcoming difficulties of intangibility? 8

*Or*

Describe the evolution of service sector and list out the factors contributing to the growth of this sector. 6+9=15

( 2 )

2. (a) Describe the service process. 10
- (b) How does an effective service process design help in improving service quality? 5

Or

- (a) Define service blueprinting. 5
- (b) Discuss the different strategies adopted by service firms to manage waiting lines. 10

3. What is service encounter? Briefly explain the various types and elements of service encounter. 3+6+6=15

Or

- (a) Discuss the challenges of marketing of services. 9
- (b) Why is 'word of mouth' communication an important promotional tool in services marketing? 6

4. (a) Define physical evidence and state the types of physical evidence. 2+6=8
- (b) Do you think that a proper management of physical evidence can help promote the services? Substantiate your answer with suitable examples. 7

( 3 )

Or

What is service recovery? Discuss the importance of service recovery and highlight the different recovery strategies used in a service firm. 2+7+6=15

5. Write notes on the following (any three) : 5×3=15

- (a) Service outsourcing
- (b) Service profit chain
- (c) Service marketing triangle
- (d) Impact of technology in services
- (e) Emerging services in India

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2018

( October )

COMMERCE

( Honours )

( Service Management )

( BC-504 )

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. (a) Discuss the role of services in the economic growth of a developing economy. 8
- (b) With the help of suitable examples, state the different types of services. 7

Or

Mention the important characteristics of a service. In what way can a service quality be improved through the 7 P's of service marketing? 5+10=15

2. Define service process. What are the influencing factors that determines the choice of a service process? 5+10=15

Or

(a) What are the benefits derived by a service firm in offering a service guarantee? 7

(b) With the help of a diagram, explain service process matrix. 8

3. (a) "Segmentation is important for the success of marketing." Comment. 7

(b) Explain the importance of forecasting service demand. 8

Or

(a) Discuss the importance of word of mouth communication in building competitive edge for a service firm. 6

(b) Mention the different pricing strategies adopted by a firm at different stages in a service life cycle. 9

4. (a) What is services channel process? Briefly explain the employee's role in service delivery. 5+5=10

(b) Highlight the importance of managing servicescape in overcoming intangibility in service. 5

Or

Differentiate between service quality and service value. Briefly describe the service quality model. 6+9=15

5. Write short notes on any three of the following : 5×3=15

(a) Role of technology in service

(b) Emerging services in India

(c) Service profit chain

(d) Social media advertising

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**5/H-76 (xii) (Syllabus-2015)**

**2 0 1 7**

( October )

**COMMERCE**

( Honours )

( **Cost Accounting** )

( BC-502 )

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. (a) What is 'cost centre'? Briefly explain the main purposes of any three cost centres. 5
- (b) What are chargeable expenses? In an industry, is it necessary to distinguish between prime cost, chargeable expenses and overheads? Justify. 6
- (c) Distinguish between 'bin card' and 'stores ledger'. 4

Or

- (a) From the following, calculate EOQ : 5

Annual demand 200000 units

Unit price—₹ 200

Ordering cost—₹ 200 per order

Storage cost @ 2% p.a.

Interest rate @ 8% p.a.

Lead time is half month

( 2 )

(b) From the following information, prepare stores ledger stating the value of issues under LIFO method : 10

Jan.	2, 2017	Opening balance	1000 kg @ ₹ 300 per kg
"	3, 2017	Issued	140 kg
"	4, 2017	Issued	200 kg
"	8, 2017	Issued	160 kg
"	13, 2017	Received from vendor	400 kg @ ₹ 350 per kg
"	15, 2017	Returned of surplus from a work order	30 kg @ ₹ 280 per kg
"	16, 2017	Issued	360 kg
"	18, 2017	Received from vendor	600 kg @ ₹ 320 per kg
"	20, 2017	Issued	550 kg
"	22, 2017	Received from vendor	400 kg @ ₹ 340 per kg
"	24, 2017	Issued	250 kg

2. (a) The three workers G, R and S respectively produced 80, 100 and 120 pieces of a product X on a particular day in May, 2017 in a factory. The time allowed for 10 units of product X is 1 hour and their hourly rate is ₹ 40. Calculate for each of these workers—
- (i) earnings for the day;
- (ii) effective rate of earning per hour under Halsey Premium Bonus Plan and Rowan Premium Bonus Plan. 12

- (b) Define 'under-absorption' and 'over-absorption' of overhead. 3

8D/313

( Continued ) D/313

( 3 )

Or

- (a) What is operating costing? Mention the name of any two industries, where this costing is applied. 3

- (b) Calculate the comprehensive machine hour rate of a machine from the following : 12

Cost of the machine ₹ 25 lakhs having a scrap value of ₹ 1 lakh after its effective life of 10 years. The machine will be operated for three shifts of 7 hours each for 300 working days in a year of which 300 hours will be used for machine maintenance.

Wages payable ₹ 8,000 per month for an operator and ₹ 3,000 per month for a helper for every shift, a sum of ₹ 16,000 per month to one supervisor per shift for the department accommodating four machines including the above machine. Power consumption 25 units (kWh) @ ₹ 4.80 per unit.

Repair and maintenance ₹ 30,000 per annum.

General lighting ₹ 4,000 per month for the whole department.

Rent and rate ₹ 3,000 per month for the whole department.

Factory overhead ₹ 36,000 per annum for the whole department.

( Turn Over )



( 4 )

3. (a) Determine the price to be quoted for a job from the following :

7

Paper 10 reams @ ₹ 1,800 per ream  
Ink and other printing materials—₹ 5,000  
Binding material and other consumables—₹ 3,000

Some photography is required for the job. The firm does not have a photographer as an employee. It decides to hire one by paying ₹ 10,000 to him. Estimated job card prepared by production department specifies that service of the following employees will be required for this job :

- (i) Artist (₹ 12,000 p.m.) 80 hours  
(ii) Copywriter (₹ 10,000 p.m.) 75 hours  
(iii) Client servicing (₹ 9,000 p.m.) 30 hours

The primary packing material will be required to the tune of ₹ 4,000. Production overheads 40% of direct cost while the selling and distribution overheads are likely to be 25% on production cost. The firm expected a profit of 20% on the quoted price. The firm works 25 days in a month and 6 hours a day.

8D/313

( Continued )

( 5 )

- (b). Following is the Trial Balance of S Ltd. as on 31st December, 2016 :

	₹
Share Capital (₹ 10 each)	3,51,800
Profit and Loss Account (Cr.) as on 01.01.2016	25,000
Provision for Depreciation on Machinery	63,000
Cash received against Contract No. 7	12,80,000
Creditors	81,200
Land and Building (cost)	74,000
Machinery (cost)	1,62,000
Bank Balance (Dr.)	45,000
Materials consumed for Contract No. 7	6,00,000
Direct Labour for Contract No. 7	8,30,000
Expenses for Contract No. 7	40,000
Machinery sent at site for Contract No. 7	1,00,000

Contract No. 7 commences on 1st January, 2016. The contract price is ₹ 24,00,000 and the contractee has so far paid ₹ 12,80,000 being 80% of the work certified. The cost of work done since certification is estimated at ₹ 16,000.

On 31st December, 2016 after the above Trial Balance was extracted, the machinery costing ₹ 42,000 was returned to store and material then on site was valued at ₹ 27,000. Provision to be made for depreciation at 12.5% of cost.

Prepare Contract No. 7 Account.

8

8D/313

( Turn Over )

( 6 )

Or

A company manufactures a chemical product by a series of operations in three processes. Raw material is fed into Process-I and the finished chemical that comes out of Process-III is transferred to the finished goods store. The following belongs to operations for April, 2017 :

	Process-I	Process-II	Process-III
Raw material issued (80000 kg)	₹ 9,60,000	—	—
Direct wages	₹ 1,25,600	₹ 1,72,000	₹ 1,42,500
Overhead costs	₹ 1,68,000	₹ 1,77,280	₹ 1,24,690
Normal loss (% of input)	3%	2%	1%
Output transferred to next process	74000 kg	69400 kg	69000 kg
Work-in-process	3000 kg	2400 kg	—

(100% complete but awaiting for transfer to next process)

Prepare process accounts and also abnormal loss and abnormal gain accounts. 15

4. (a) Define 'marginal costing'. Critically evaluate the basic assumptions of marginal costing. 9
- (b) A producer of wallets is earning a monthly post-tax profit of ₹ 6,00,000 when income-tax rate is 40%. Selling price of a wallet is ₹ 500 and unit variable cost is ₹ 300. How many more wallets the producer should produce and sell to earn same monthly post-tax profit; if the tax rate goes to 50%? 6

8D/313

( Continued )

( 7 )

Or

- (a) The following particulars are extracted from the records of P Ltd. :

	Product-A	Product-B
Unit sale price	₹ 100	₹ 120
Consumption of same raw material	2 kg	3 kg
Material cost	₹ 10	₹ 15
Direct wages cost (₹ 5 per hour)	₹ 15	₹ 10
Direct expenses	₹ 5	₹ 6
Machine hours used	3 hours	2 hours
Fixed overhead per unit	₹ 5	₹ 10
Variable overhead per unit	₹ 15	₹ 20

Comment on the profitability of each product when—

- (i) total sales potential in units is limited; 12
- (ii) total sales potential in value is limited; 12
- (iii) raw material is in short supply; 12
- (iv) machine hours is the limited factor. 12
- (b) Differentiate between 'marginal costing' and 'absorption costing'. 3
5. (a) What are the possible causes of labour efficiency variance? 5
- (b) Explain the steps of flexible budgeting. 5
- (c) Describe the managerial use of variances. 5

8D/313

( Turn Over )

Or

(a) "Budget is an aid to management, not a substitute for management." Comment. 5

(b) From the following information, calculate all possible material cost variances : 10

Materials	Qty.	Standard Price (per kg)	Qty	Actual Price (per kg)
A	4000 kg	₹ 4.50	20000 kg	₹ 4.00
B	2500 kg	₹ 3.50	12000 kg	₹ 4.00
C	3000 kg	₹ 3.00	13000 kg	₹ 2.50

Normal loss of output for standard is 10%. Actual production is 39000 kg.

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**2 0 1 8**

( October )

**COMMERCE**

( Honours )

**( Cost Accounting )**

( BC-502 )

*Marks : 75*

*Time : 3 hours*

*The figures in the margin indicate full marks  
for the questions*

1. (a) Distinguish between Product Costs and Period Costs. 4
- (b) Define cost object and give any two examples of it. 3
- (c) A factory uses 4000 varieties of inventory. Classify these varieties of

( 2 )

inventory as per ABC analysis from the following information :

No. of varieties in inventory	Average value of inventory in percentage	Inventory usage in percentage (in end product)
3875	10	10
110	20	15
15	70	75
4000	100	100

Assume the value of total inventory is ₹ 20,00,000. Also give reasons for your classification.

8

Or

- (a) A company manufactures 5000 units of a product per month. The cost of placing an order is ₹ 100. The purchase price of raw material is ₹ 10 per unit. The reorder period is 4 to 8 weeks. The consumption of raw material varies from 100 units to 450 units per week. The average consumption per week is 275 units. The carrying cost of inventory is 20% per annum.

Calculate—

- (i) reorder quantity;  
(ii) maximum level;  
(iii) minimum level;  
(iv) average level.

10

( 3 )

- (b) State the importance of cost accounting in managerial decision making. 5

2. (a) The following information relates to the Human Resource Department of Shillong Ltd. for the year ending 31st March, 2018 :

No. of workers at the beginning of the year	8000
No. of workers at the end of the year	9600
No. of workers left the company during the year	500
No. of workers discharged during the year	100
No. of workers replaced due to leaving and discharging during the year	700
Additional workers employed for expansion during the year	1500

Calculate labour turnover rate using (i) separation method, (ii) replacement method and (iii) flux method. 6

- (b) State with reasons, to what extent the following items are included in product cost of a manufacturing company, given that 'the costing is primarily done to fix the product prices' : 9

- (i) Interest on borrowings  
(ii) Bonus and gratuity  
(iii) Research and development cost  
(iv) Packing expenses  
(v) Set-up time  
(vi) Advertising

( 4 )

Or

- (a) A manufacturing company has three production departments and two service departments. The summary of departmental expenses distributed is as under :

Production Departments	Amount ₹
P <sub>1</sub>	30,000
P <sub>2</sub>	28,000
P <sub>3</sub>	25,000
	<u>83,000</u>
Service Departments	
S <sub>1</sub>	9,000
S <sub>2</sub>	11,000
	<u>20,000</u>

The expenses of service department (S<sub>1</sub>) is equally charged to production departments P<sub>1</sub>, P<sub>2</sub> and P<sub>3</sub> and service department S<sub>2</sub>. On the other hand, expenses of S<sub>2</sub> are charged @ 20%, 30% and 30% to P<sub>1</sub>, P<sub>2</sub> and P<sub>3</sub> respectively and the balance is charged to service department S<sub>1</sub>.

Prepare a statement showing the apportionment of expenses of two service departments in production departments by simultaneous equation method.

12

( Continued )

( 5 )

- (b) Distinguish between actual overhead rate and pre-determined overhead rate. 3

3. (a) For a company for the month of March 2018, the output of Process—A was 50000 units. Normal loss allowed is 10% of input. Abnormal loss was 4000 units. The following further information is given as :

Input material @ ₹ 5 per unit

Labour—₹ 80,000

Overheads—₹ 67,000

Wastage realized @ ₹ 2.50 per unit

Prepare—

(i) Process—A A/c;

(ii) Abnormal Loss A/c.

5

- (b) An enquiry for submission of quotation is received by a company. Bill of materials has been prepared by the production department for the job which states the following requirements :

Paper 10 reams @ ₹ 1,800 per ream

Ink and other printing material—₹ 5,000

Binding material and other consumables—₹ 3,000

Some photography is required for the job. The company decided to outsource it at a hire charge

( Turn Over )

( 6 )

of ₹ 10,000. Production department specified for following services for the job :

- (i) 80 hours of Artist who is paid @ ₹ 12,000 p.m.
- (ii) 75 hours of copywriter who is paid @ ₹ 10,000 p.m.
- (iii) 30 hours of client servicing who is paid @ ₹ 9,000 p.m.

The primary packing material will be required for ₹ 4,000. Production overheads @ 40% of direct cost. Selling and distribution overheads @ 25% of production cost. The company expect to earn @ 20% profit on quoted price. Assume that 25 days in a month  $\phi$  is worked at 6 hours daily.

Determine the price to be quoted for the job. 10

Or

- (a) Distinguish between scrap and wastage. 3
- (b) NBCC has entered into a contract for constructing an office building complex for government for ₹ 480 lakh. The work begun in April 2017 and is estimated to complete by June 2018. The work has progressed as scheduled and the actual

( 7 )

costs charged till March 2018 are as follows :

	(₹ in lakh)
Materials	112.20
Labour	12.00
Hire charges for equipments	20.00
Other charges	16.00
Establishment expenses	32.40

The following information is also available :

	(₹ in lakh)
Materials in hand as on 31st March, 2018	6.60
Work certified as on 21st March, 2018	400.00
Cash received @ 80% of work certified work yet not certified at 31st March, 2018	7.50

The company has estimated following further expenditure to complete the work :

	(₹ in lakh)
Material	10.50
Labour	16.00
Subcontractor's charges	20.00
Equipment hiring	2.00
Other charges	1.00
Establishment charges	6.90

Prepare Contract A/c showing the value of work-in-progress as on 31st March, 2018 after considering a reasonable profit margin. Make a provision for contingency @ 5% of total costs. 12

( 8 )

4. (a) Following informations are extracted from company X in the year 2017 for production and sales of 30000 units :

	₹
Sales	6,00,000
Material	2,00,000
Labour	1,20,000
Variable overheads	80,000
Fixed overheads	70,000

A forecast for the year 2018 has been made by the company that the price of material will increase by 5% while cost per unit of variable overheads will reduce by 2%. The other factors will remain the same. You are required to compute the—

- (i) number of units to be sold to maintain the same amount of profit as it was in 2017;
- (ii) margin of safety for both the years 2017 and 2018. 10
- (b) Define P/V ratio and state how it can be improved. 5

Or

A company manufactures a product, currently utilizing 80% capacity with a turnover of ₹ 80,00,000 at unit selling price of ₹ 250. The cost data are as under :

Material cost—₹ 75 per unit  
Labour cost—₹ 62.50 per unit

( 9 )

Semi-variable cost (including variable component ₹ 37.50 per unit)—₹ 18,00,000  
Fixed cost ₹ 9,00,000 up to 80% of capacity and beyond this level an additional ₹ 2,00,000 is needed

- (a) Calculate activity level at break-even point.
- (b) Calculate the number of units to be sold so as to earn a profit of 8% of sales.
- (c) Calculate activity level needed to earn a profit ₹ 9,50,000.
- (d) What should be the selling price per unit, if break-even point is to be brought down to 40% of capacity? 15

5. (a) A building can be constructed by engaging a gang of workers as given below for 100 working days of 8 hours each :

	Skilled	Semi-skilled	Unskilled
No. of workers in the gang	6	8	6
Standard hourly wage rate (in ₹)	50	40	32

Actual completion of work however took 104 days of 8 hours each. This included 16 hours of stoppages due to heavy rain. The actual number of workers



( 10 )

engaged and the actual rates paid are given below :

	Skilled	Semi-skilled	Unskilled
No. of workers engaged	8	6	6
Actual hourly wage rate (in ₹)	60	48	32

Calculate all possible labour variances. 10

(b) Budget is an aid to management and not a substitute for management. Comment. 5

Or

(a) Standard costing and budgetary control are interrelated but not interdependent. Comment. 5

(b) The following are the estimated sales of a company for eight months ending 30th November, 2018 :

2018	Units
April	24000
May	26000
June	18000
July	16000
August	20000
September	24000
October	28000
November	24000

( 11 )

As a matter of policy, the company maintains the closing balance of finished goods and raw materials are as follows :

(i) Finished goods—Closing stock of a month is 50% of the estimated sales for the next month

(ii) Raw material—Closing stock of a month is equal to estimated consumption for the next month

Each unit of production consumes 4 kg of raw material at ₹ 12 per kg. For the half year ending 30th September, 2018.

Prepare (i) monthwise production budget in units and (ii) monthwise raw material purchase budget in both units and cost. 10

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**5/H-76 (xii) (Syllabus-2015)**

**2019**

( October )

**COMMERCE**

( Honours )

( BC-502 )

**( Cost Accounting )**

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. Discuss the objectives and advantages of cost accounting. What are the emerging challenges before cost accounting profession in the wake of increasing competition and globalization of business? 4+6+5=15

Or

(a) A medical company manufactures a special item A. The following particulars are collected for the year 2018 :

- (i) Monthly demand of A—10000 units
- (ii) Cost of placing an order—₹ 1,000
- (iii) Annual carrying cost per unit—₹ 150

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( 2 )

- (iv) Normal usage 500 units per week
- (v) Minimum usage 250 units per week
- (vi) Maximum usage 750 units per week
- (vii) Reorder period 4 to 6 weeks

Compute the following : 10

- (1) Maximum Stock Level
- (2) Minimum Stock Level
- (3) Reorder Level
- (4) Reorder Quantity
- (5) Average Stock Level

(b) Discuss briefly the main activities of cost centres. 5

2. P Ltd. has three production departments A, B and C and two service departments X and Y. The following is the budget for December 2018 :

Items	Total (₹)	A	B	C	D	E
Direct Material (₹)		2,000	4,000	8,000	4,000	2,000
Direct Wages (₹)		10,000	4,000	16,000	4,000	4,000
Factory Rent (₹)	8,000					
Power (₹)	5,000					
Depreciation (₹)	2,000					
Other Overheads (₹)	18,000					

Additional Information :

Floor Area (Sq. ft.)	500	250	500	250	500
Capital Value of Assets (₹ lakhs)	20	40	20	10	10
Machinery Hours	1000	2000	4000	1000	1000
Horsepower of Machinery	50	40	40	15	25

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( Continued )

( 3 )

The expenses of service departments D and E are apportioned as follows :

Department	A	B	C	D	E
D	45	15	30	—	10
E	60	35	—	5	—

Make necessary assumptions and compute—

- (a) a statement showing distribution of overhead to various departments;
- (b) a statement showing redistribution of service department expenses to production department using trial and error method;
- (c) machine hour rate of A, B and C. 15

Or

A vehicle costs ₹ 15,600 and its life is estimated at 5 years, after which its value is estimated as ₹ 600. The following expenditures are available :

Insurance—₹ 850

License—₹ 750

Administration Overhead—₹ 2,000

Fuel Costs—₹ 20 per gallon and based on an estimated mileage of 30000 per year, the

cost of lubricants is ₹ 15,000. The estimated consumption of fuel is 20 miles per gallon

The set of tyres cost—₹ 1,400 and their estimated mileage is 16000

The driver is paid—₹ 50 per week of 44 hours and is entitled to a fortnight's paid holiday per annum

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( 4 )

The company's contribution towards insurance scheme is ₹ 10 per week. For each fortnight spent away from home, the driver is paid a subsistence allowance of ₹ 10. It is estimated that the vehicle will run 220 days per annum. Repairs over the life of the vehicle are estimated at ₹ 5,000.

Prepare Operating Cost Statement.

15

3. (a) The following particulars relating to the year 2018 have been taken from the books of A Ltd. :

	Kg	₹
Stock on 01.01.2018 :		
Raw Materials	2000	2,000
Finished Goods	500	1,750
Factory Stores		7,250
Purchases :		
Raw Materials	160000	1,80,000
Factory Stores		24,250
Sales :		
Finished Goods	153050	9,18,000
Factory Scrap		8,170
Factory Wages		1,78,650
Power		30,400
Depreciation on Machinery		18,000
Salaries :		
Factory		72,220
Office		37,220
Selling		41,500
Expenses :		
Direct		18,500
Office		18,200
Selling		18,000

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( Continued )

( 5 )

	Kg	₹
Stock on 31.12.2018 :		
Raw Materials	1200	
Finished Goods	450	
Factory Stores		5,550

The stock of finished goods at the end of 2018 was valued at factory cost. Prepare the Cost Sheet.

10

- (b) Distinguish between Contract Costing and Process Costing.

5

Or

A company closes its books of accounts on 31st December, 2018 :

Item	₹
Work-in-Progress on	
31st December, 2017	34,00,000
Less : Advance from Contractees	22,00,000
Materials supplied to contract Direct	2,40,000
Materials issued from stores	4,20,000
Wages	3,40,000
Materials returned to stores	22,000
Working Expenses	60,000
Finished Contract	9,00,000
Work Uncertified	34,40,000
Administrative Expenses (excluding chargeable to Profit and Loss A/c ₹10,000)	40,000
Plant Issued	1,00,000

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( 6 )

Item	₹
Profit taken to Profit and Loss A/c on completion	4,60,000
Work-in-Progress (profit not taken credit for kept as Reserve)	60,000
Materials returned to Supplier	18,000
Advance from Contractee	16,00,000
Plant at site	80,000

Prepare the Contract Ledger Control Account and Total Contractee Account in the General Ledger. Also show how the Work-in-Progress will appear in the Balance Sheet as on 31st December, 2018. 15

4. (a) Define marginal costing and state its basic assumptions. 5

(b) R Co. furnishes the following information :

	Year—2018	
	First Half (₹)	Second Half (₹)
Sales	5,00,000	6,00,000
Profit/Loss	(-) 10,000	10,000

From the above, you are required to compute the following assuming that the fixed cost remains same in both the periods. Compute Break-even Point. 10

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( Continued )

( 7 )

Or

Following informations are provided for two products X and Y :

Particulars	Product—X per unit (₹)	Product—Y per unit (₹)
Direct material (₹ 2 per kg)	30	40
Direct labour (₹ 5 per hour)	20	30
Variable overhead	10	15
Sales	90	140

State the profitability of the products when—

- (a) direct material is in short supply;
- (b) production capacity in terms of labour hour is the key factor;
- (c) sales is the limiting factor. 5+5+5=15

5. The standard cost of a chemical mixture is as under :

16 tons of material A at ₹ 40 per ton  
24 tons of material B at ₹ 60 per ton  
Standard yield is 90% of input

Actual cost for the period is as under :

20 tons of material A at ₹ 30 per ton  
40 tons of material B at ₹ 68 per ton  
Actual yield is 53 tons

Calculate the following : 15

- (a) Material Cost Variance
- (b) Material Usage Variance

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(c) Material Price Variance

(d) Material Yield Variance

(e) Material Mix Variance

Or

Define budget and budgetary control. State the objectives, advantages and limitations of budgetary control.

15

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