(8 pages)

S.No. 820

12PCM02

(For the candidates admitted from 2012–2013 onwards)

M.Com. DEGREE EXAMINATION, APRIL 2018.

First Semester

ACCOUNTING FOR MANAGERIAL DECISIONS

Time : Three hours — Maximum : 75 marks

SECTION A — (5 × 5 = 25 marks)

Answer ALL the questions.

1. (a) Define management accounting. What are its objectives?

Or

(b) What is the scope of management accounting?

2. (a) From the following details calculate funds from operations :

	Rs.		Rs.
Salaries	5,000	Discount on issue of debentures	2,000
Rent	3,000	Provision for bad debt	1,000
Refund of tax	3,000	Transfer to general reserve	1,000
Profit on sale of building	5,000	Preliminary expense written off	3,000
Depreciation on plant	5,000	Goodwill written off	2,000
Prov. For tax	4,000	proposed dividend	6,000
Loss on sale of plant	2,000	Dividend received	5,000
Closing balance of P/L a/c	60,000		
Opening balance of P/L a/c	25,000		

Or

(b) From the following prepare a statement showing changes in working capital during 1999.

Liabilities	1998	1999	Assets	1998	1999
Share capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
Profit & loss A/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	1,43,000	2,70,000
	5,20,000	6,76,000		5,20,000	6,76,000

3. (a) Prepare cash budget from the following information:

(i) Opening cash balance Rs.10,000

(ii) Cash sales Rs.25,000.

(iii) Credit sales Rs. 4,000

(iv) Credit purchases Rs.20,000

(v) Cash purchases Rs.15,000

(vi) Wages paid Rs.500

Or

(b) Prepare a production budget of MN Ltd, for 2011 from the following information :

Products	Sales as per budget	Estimated stock (in units)	
		1.1.2011	31.12.2011
X	2,44,000	5,000	6,000
Y	1,87,500	10,000	22,500
Z	3,00,000	25,000	12,500

4. (a) The standard and actual figures of a firm are as under :

Standard time for the job - 1000 hours

Standard rate per hour - Re.0.50

Actual time taken - 900 hours

Actual wages paid - Rs.360

Compute the variance.

Or

(b) From the following data, calculate the labour cost variances :

	Dept .A	Dept. B
Actual gross wage	Rs.2,050	Rs. 1,740
Standard hours produced	8,000	6,000
Standard rate per hour	Re.0.30	Re. 0.35
Actual hours worked	8,200	5,800

5. (a) What do you understand by Break Even Analysis?

Or

(b) From the following particulars find out the BEP. What will be the selling price per unit if BEP is to be brought down to 9000 units?

Variable cost per unit Rs.75

Fixed expenses Rs.2,70,000

Selling price per unit Rs.100

SECTION B — (5 × 10 = 50 marks)

Answer ALL the questions.

6. (a) What are the differences between Management Accounting and Financial Accounting?

Or

(b) Explain the functions of Management Accounting.

7. (a) From the following balance sheet of Ajit Ltd. Prepare funds flow statements:

Liabilities	31.12.09	31.12.10	Assets	31.12.09	31.12.10
Share capital	16,000	17,000	Land	10,000	10,000
P/L App. A/c	2,900	4,900	plant	4,800	6,800
Creditors	1,800	1,000	Debtors	3,300	3,900
Mortgage loan	–	1,000	Stock	1,800	1,400
			Cash at bank	800	1,800
	20,700	23,900		20,700	23,900

Or

(b) Prepare cash flow statement from the balance sheets as on 3 1.12.2009 and 31.12.2010.

Liabilities	31.12.2009	31.12.2010	Assets	31.12.2009	31.12.2010
	Rs.	Rs.		Rs.	Rs.
Share capital	35,000	37,000	Cash	4,500	3,900
5% debentures	6,000	3,000	Debtors	7,450	8,850
Prov. for Bad Debts	350	400	Stock	24,600	21,350
Creditors	5,180	5,920	Land	10,000	15,000
Profit & Loss A/c	5,020	5,280	Goodwill	5,000	2,500
	51,550	51,600		51,550	51,600

Other information :

(i) Dividend paid Rs. 1,750

(ii) Land was purchased for Rs.5,000

(iii) Amount provided for amortization of goodwill of Rs.2,500

(iv) 5% debentures paid off Rs.3,000

8. (a) For the production of 10,000 Electric Automatic Irons the following are the budgeted expenses :

	Per unit (Rs.)
Direct materials	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs.1,50,000)	15
Variable expenses (Direct)	5
Selling expenses (10% fixed)	15
Adm. Expenses (Rs.50,000 rigid for all levels of Production)	5
Distribution expense (20% fixed)	5
Total cost	160

You are required to prepare a budget for production of 6,000, 7,000 and 8,000 Irons.

Or

(b) The Sales Director of a manufacturing concern reports that next year he expects to sell 50,000 units of a particular products. The production manager consults the store keeper and casts his figures as follows:

Two kinds of raw material of X and Y are required for manufacturing the products. Each units of the product requires 2 units of X and 3 units of Y. The estimated opening balances at the commencement of the next year are:

Finished products	:	10,000 units
Material X	:	12,000 units
Material Y	:	15,000 units

The desirable closing balances at the end of the next year are :

Finished products	:	14,000 units
Material X	:	13,000 units
Material Y	:	16,000 units

Draw up a quantitative chart showing material purchase budget for the next year.

9. (a) From the following information of a product, calculate :

(i) Material Cost Variance

(ii) Material Price Variance

(iii) Material Usage Variance

(iv) Material Mix Variance and

(v) Material sub-usage Variance.

Material	Standard Quantity	Standard Price (Rs.)	Actual Quantity (Kg.)	Actual Price (Rs.)
X	20	5	24	4.00
Y	16	4	14	4.50
Z	12	5	10	3.25
	48		48	

Or

(b) From the following data, calculate overhead variances.

	Budgeted	Actual
Fixed overheads	Rs.3,00,000	Rs.3,20,000
Output in units	30,000	26,000
Working hours	75,000	60,000

10. (a) What is Marginal Costing? Explain its merits and demerits.

Or

(b) From the following particulars calculate following :

(i) Profit volume ratio

(ii) Break even point in volume

(iii) Profit when sales is Rs.2,00,000

(iv) Sales required to get a profit of Rs.30,000

(v) Margin of safety in second year

Year	Sales (Rs.)	Profit (Rs.)
2010	1,00,000	12,000
2011	1,40,000	22,000