

- (b) The information regarding the composition and hourly wage rates of labour force engaged on a job scheduled to be completed in 30 hours are as follows.

Category of workers	Standard		Actual	
	No of workers	Hourly wage rate per worker (in Rs.)	No of workers	Hourly wage rate per worker (in Rs.)
Skilled	75	6	70	7
Semi-skilled	45	4	30	5
Unskilled	60	3	80	2

The work was completed in 32 hours.
Calculate labour variances.

S.No. 731

17PCM02/17PCZ02

(For the candidates admitted from 2017–2018 onwards)

M.Com./M.Com. (Computer Application) DEGREE
EXAMINATION, NOVEMBER 2017.

First Semester

ACCOUNTING FOR MANAGERIAL DECISION

Time : Three hours

Maximum : 75 marks

PART A — (5 × 5 = 25 marks)

Answer ALL questions.

All questions carry equal marks.

- (a) Explain the characteristics of management accounting.

Or

- (b) Describe the scope of management accounting.
- (a) Santhosh Ltd. provides the following information.

	Rs.
Cash during the year	1,50,000
Credit sales during the year	2,70,000

	Rs.
Return inwards	20,000
Trade debtors in the beginning	50,000
Bills receivable in the beginning	5,000
Trade debtors at the end	42,000
Bills receivable at the end	3,000
Provision for bad and doubtful	5,000

Calculate :

- (i) Debtors Turnover Ratio
- (ii) Average Collection Period.

Or

- (b) Find out working capital turnover ratio.

	Rs.
Cash	15,000
Sundry debtors	30,000
Sundry creditors	40,000
Cost of sales	1,50,000
Bills receivables	10,000
Stock	25,000
Bank overdraft	10,000

3. (a) From the following profit and loss a/c compute the funds from.

Particulars	Rs.	Particulars	Rs.
To Salaries	5,000	By Gross profit	50,000
To Rent	3,000	By Profit on	
To Depreciation on		sale of buildings	5,000
plant	5,000		
To Printing and stationery	3,000		
To Preliminary expenses			
written off	2,000		
To Goodwill written off	3,000		
To Provision for tax	4,000		
To Proposed dividends	6,000		
To Net profit	24,000		
	<u>55,000</u>		<u>55,000</u>

Or

- (b) Calculate cash from operation from the following :

Profit made during the year Rs.3,00,000 after considering the following items.

	Rs.
(i) Depreciation on fixed assets	20,000
(ii) Transfer of general reserve	10,000
(iii) Amortization of goodwill	10,000
(iv) Profit on sale of land	7,000

The following is the position of current assets and current liabilities.

	2013	2014
	Rs.	Rs.
Debtors	15,000	18,000
Creditors	20,000	10,000
Bills receivable	7,000	5,000
Prepaid expenses	10,000	7,000

4. (a) Kailash Bros. submits the following figures of product X for the first quarter of 2015.

Month	January	February	March
	Rs.	Rs.	Rs.
Sales	10,000	8,000	12,000

Selling price per unit Rs. 10

It is estimated that by reducing the selling price by 10% and by intensive sales promotion measures, the sale of product X in the first quarter of 2015 will increase by 20%.

A study of the past experience reveals that Kailash Bros. has lost about 3% of its billed revenue in each quarter because of returns (constituting 2% of loss of revenue) allowance and bad debts (1% loss).

Prepare a sales budget incorporating the above information.

Or

- (b) Prepare a production budget for three months ending March 31, 2014 for a factory producing four products, on the basis of the following information.

Type of product	Estimated stock on January 1, 2014 (Units)	Estimated sales during January March, 2014 (Units)	Desired closing stock March 31, 2014 (Units)
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

5. (a) From the following particulars calculate :

- Material Cost Variance
- Material Price Variance
- Material Usage Variance.

	Standard Quantity	Standard Price	Actual Quantity	Actual Price
Material	kg	Rs.	Kg	Rs.
A	10	2	5	3
B	20	3	10	6
C	20	6	15	5
	50		30	

Or

- (b) The standard time and rate for unit component are given below :

Standard hours 20 per unit

Standard rate Rs.5 per hour

Actual hours 20,500 hours

Actual rate per hour Rs.4.80

Actual production 1,000 units

Calculate :

- (i) Labour Cost Variance
- (ii) Labour Efficiency Variance,
- (iii) Labour Rate Variance,
- (iv) Labour Sub Efficiency Variance.

PART B — (5 × 10 = 50 marks)

Answer ALL questions.

All questions carry equal marks.

6. (a) Discuss the objectives of financial statement analysis.

Or

- (b) Explain the special features of common size statement.

7. (a) With the following ratios and further information given below, prepare a Trading, Profit and Loss a/c and Balance.

Gross profit ratio	20%
Net profit ratio	20%
Stock turnover ratio	10
Net profit/Capital	1/5
Capital to Total liabilities	1/2
Fixed assets/Capital	5/4
Fixed assets/Total current assets	5/7
Fixed assets	Rs.10,00,000
Closing stock	Rs.1,00,000

Or

- (b) Prepare a Balance sheet from the following details.

Gross profit	Rs.80,000
Gross profit to cost of goods sold	1/3
Stock turnover	6 times
Opening stock	Rs.36,000
Accounts receivable velocity (360 days)	72 days
Current assets	Rs. 1,50,000
Accounts payable velocity	90 days
Bills receivable	Rs.20,000
Bills payable	Rs.5,000
Fixed assets turnover ratio	8 times

8. (a) Following is the Balance sheet of a company for the year 2013 and 2014.

BALANCE SHEET					
Liabilities	2013	2014	Assets	2013	2014
	Rs.	Rs.		Rs.	Rs.
Share capital	70,000	74,000	Goodwill	10,000	5,000
Profit and loss a/c	10,740	11,360	Land	20,000	30,000
Debentures	12,000	6,000	Stock	49,200	42,700
Creditors	10,360	11,840	Debtors	14,900	17,700
			Cash	9,000	7,800
	<u>1,03,100</u>	<u>1,03,200</u>		<u>1,03,100</u>	<u>1,03,200</u>

Additional information :

- (i) Dividends were paid Rs.4,000
(ii) Land purchased Rs.10,000.
Prepare a Fund Flow Statement.

Or

- (b) The Balance Sheet as on 31.12.2013 and 31.12.2014 are as follows :

Liabilities	2013	2014	Assets	2013	2014
	Rs.	Rs.		Rs.	Rs.
Share capital	70,000	74,000	Bank balance	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Creditors	10,360	11,840	Stock	49,200	42,700
Provision for doubtful debts	700	800	Land	20,000	30,000
Reserves and surplus	<u>10,040</u>	<u>10,560</u>	Goodwill	<u>10,000</u>	<u>5,000</u>
	<u>1,03,100</u>	<u>1,03,200</u>		<u>1,03,100</u>	<u>1,03,200</u>

Additional information :

- (i) Dividend amounting to Rs.3,500 was paid.
(ii) Land was purchased for Rs.10,000 and amount provided for the amortization of goodwill totaled Rs. 5,000
(iii) Debentures loan was repaid Rs.6,000.

You are required to prepare cash flow statement.

9. (a) Surya company wishes to arrange overdraft facilities with its bankers during the period April to June 2014. When it will be manufacturing mostly for stock. Prepare a Cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month.

Months	Cash sales	Purchases	Wages
	Rs.	Rs.	Rs.
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,25,000	2,68,000	15,000

- (i) 50 percent of the credit sales are realised in the month following the sales and the remaining sales in the second month following. Creditors are paid in the month following the month of purchase.
- (ii) Cash at bank on 1st April (estimated) Rs.25,000.

Or

- (b) The expenses budget for production of 10,000 units in a factory is furnished below.

	Per Unit
	Rs.
Materials	70
Labour	25
Variable overheads	20
Fixed expenses (Rs.1,00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% Fixed)	13
Distribution expenses (20% Fixed)	7
Administration expenses	5
Total cost per unit	155

Prepare a budget for production of

- (i) 8,000 units,
(ii) 6,000 units,
(iii) Indicate cost per unit at both the levels.

Assume that administration expenses are fixed for all levels of production.

10. (a) The standard material cost for 100 kg of Chemical X is

Chemical A – 30 kg @ Rs.4 per kg

Chemical B – 40 kg @ Rs.5 per kg

Chemical C – 80 kg @ Rs.6 per kg

In a batch, 500 kg of Chemical X were produced from a mix of

Chemical A – 140 kg at a cost of Rs.588

Chemical B – 220 kg at a cost of Rs.1,056

Chemical C – 440 kg at a cost of Rs.2,860

How do the yield, mix and the price factor contribute to the variance in the actual per 100kg of chemicals X over the standard cost?

Or