STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600086

(For candidates admitted during the academic year 2019-20 and thereafter)

COURSE CODE: 19AF/MC/TD34

B.COM DEGREE: ACCOUNTING AND FINANCE EXAMINATION – DECEMBER 2020

THIRD SEMESTER

COURSE : MAJOR - CORE
PAPER : TOOLS FOR MANAGERIAL DECISION MAKING
TIME : 90 MINUTES **MAX. MARKS: 50**

SECTION – A

Answer all questions: **(3 X 2 = 6)**

1. Write a short note on Performance Budget.
2. What do you understand by Value Added Statements?
3. A factory planned to produce 1,000 units of a product, using 8,000 labour hours costing Rs. 40 each. Actually 900 units were produced by working 8,200 labour hours. Calculate Labour Efficiency Variance.

SECTION – B

Answer any three questions: **(3 X 8 = 24)**

4. The expenses budgeted for production of 10,000 units in a factory are furnished below:

	Per unit (Rs.)
Materials	70
Labour	25
Variable Overhead	20
Fixed Overhead (Rs. 100000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	13
Distribution Expenses (20% Fixed)	7
Administration Expenses (Rs. 50,000) (Fixed for all levels)	5
Total cost per unit	155

Prepare a flexible budget for the production of (a) 8000 units and (b) 6000 units.

5. The sales and profit for 2016 and 2017 are as follows:

	Sales Rs.	Profit Rs.
2016	1,50,000	20,000
2017	1,70,000	25,000

Find out:

1. P/V Ratio
2. BEP
3. Sales for a profit of Rs. 40,000
4. Profit for sales of Rs. 2,50,000
5. Margin of safety at a profit of Rs. 50,000

6. The standard material cost to produce a tonne of Chemical X is:

   300 kg of material A @ Rs. 10 per kg
   400 kg of material B @ Rs. 5 per kg
   500 kg of material C @ Rs. 6 per kg

   During the period, 100 tonnes of Chemical X was produced from a mixture of

   35 tonnes of material A @ Rs. 9000 per tonne
   42 tonnes of material B @ Rs. 6000 per tonne
   53 tonnes of material C @ Rs. 7000 per tonne

   Calculate Material Variances.

7. The following table gives the activities in a construction project. Determine the critical path and project duration:

Activity	1-2	1-4	1-5	2-3	3-8	4-6	4-7	5-6	6-9	7-8	8-9
Duration (days)	3	2	2	4	2	7	4	4	6	5	3

SECTION – C

Answer any one: **(1 X 20 = 20)**

8. A company has Rs. 37,500 cash in hand on 1st April 2019 and requires you to prepare an estimate of cash position during the three months April to June 2019. The following information is supplied to you:

Month	Sales	Purchases	Wages	Factory Expenses	Office Expenses	Selling Expenses
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
February	75000	45000	9000	7500	6000	4500
March	84000	48000	9750	8250	6000	4500
April	90000	52000	10500	9000	6000	5250
May	120000	60000	13500	11250	6000	6570
June	135000	60000	14250	14000	7000	7000

Other Information:

(i) Period of credit allowed by suppliers – 2 months
(ii) 20% of sales is for cash and period of credit allowed to customers for credit sales is one month
(iii) Delay in payment of wages and all expenses – 1 month
(iv) Income tax of Rs. 57,000 is due to be paid on June 15, 2019
(v) The company is to pay dividends to shareholders and bonus to workers of Rs. 15,000 and Rs. 22,500 respectively in the month of April
(vi) Plant has been ordered and its expected to be received and paid in May. It will cost Rs. 1,20,000

9. (a) Two factories under the same management agree to merge on the basis of the following data:

	Factory A Rs.	Factory B Rs.
Sales	10,00,000	8,00,000
Variable Cost	7,60 000	4,00,000
Fixed Cost	2,00,000	2,00,000
Operating Capacity	50%	25%

You are required to prepare a statement of merger and ascertain for the merged plant

(i) Break even point and Break even capacity
(ii) Profitability of operating the merged plant at 60% capacity
(iii) Capacity utilisation to make profit of Rs. 6,00,000

(b) The fixed cost per month in a factory is Rs. 1,00,000. The contribution per unit is Rs. 80 for Product A and Rs. 40 for B. Which of the following product mixes is most yielding?

(i) 1000 A and 800 B
(ii) 600 A and 1200 B

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