STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019– 2020 and thereafter)
SUBJECT CODE:19AF/MC/TD34

B.COM (A&F). DEGREE EXAMINATION NOVEMBER 2022
ACCOUNTING AND FINANCE
THIRD SEMESTER

COURSE : MAJOR – CORE
PAPER : TOOLS FOR MANAGERIAL DECISION MAKING
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ALL QUESTIONS: (10 x 2 = 20)

1. Write any two objectives of Management Accounting.
2. What is ZBB?
3. What do you understand by Margin of Safety?
4. Write note on CPM.
5. Define Standard Costing.
6. Find out the quantity of raw materials to be purchased from the following details:

Opening stock of Raw materials	10,000 kgs.
Material expected to be consumed	20,000 kgs.
Closing stock of material required	5,000 kgs.

7. Margin of safety Rs. 10,000 which represents 40% of sales. P.V. ratio 50%. Calculate Break Even Sales.
8. Find out P.V. Ratio: Sales Rs. 80,000, Marginal cost Rs. 60,000.
9. Product X requires 20 kgs of material at Rs. 4 per kg. The actual consumption of material for the manufacturing of product X came to 24 kgs. of material at Rs. 4.50 per kg. calculate Material Cost Variance.
10. The overhead Budget variance 100 adverse, Overhead volume Variance 60 favourable. Calculate Overhead Cost Variance.

SECTION – B

ANSWER ANY FIVE QUESTIONS: (5 x 8 = 40)

11. You are required to prepare production budget.

Product	Budgeted Sales in units	Actual stock on 31-12 2021 in units	Desired closing stock on 31-12-2022
A	20,000	4000	5000
B	50,000	6,000	10,000

12. Mr. Ramesh expects the following sales by months in units for the first 6 months of the next year.

Jan.	5,400
Feb.	5,700
March	7,500
April	5,700
May	6,000
June	4,500

The Company has a policy of maintaining an inventory equal to budgeted sales for the following 2 months. The beginning inventory also reflect this policy. Each unit cost Rs. 10.
You are required to prepare purchase budget for as many months as you can in units and in rupees.

13. Fixed cost Rs. 8000, BEP in units 4000, Sales 7000 units. Selling price p.u. Rs.10.
Calculate(a) Variable cost, (b) Profit.

14. Assuming that the cost structure and selling prices remain same in period 1 and period II find out
   a) P.V. Ratio
   b) B.E. Sales
   c) Profit when sales is Rs. 1,00,000.
   d) Margin of safety for Period II

Period	Sales in Rs.	Profit in Rs.
I	1,20,000	9,000
II	1,40,000	13,000

15.

Product	Budgeted Qty.	Budgeted price per unit	Actual Qty.	Actual price per unit.
A	400	30	500	31
B	200	25	100	24

Calculate: a) Sales value variance, b) Sales price variance, c) Sales volume variance,.

16. **A small project consisting of eight activities has the following characteristics:**

Time – Estimates (in weeks)

Activity	*Preceding activity*	*Most optimistic time (a)*	*Most likely time (m)*	*Most Pessimestic time (b)*
A	None	2	4	12
B	None	10	12	26
C	A	8	9	10
D	A	10	15	20
E	A	7	7.5	11
F	B,C	9	9	9
G	D	3	3.5	7
H	E, F, G	5	5	5

(i) Draw the PERT network for the project.

17. The standard time and rate for unit component are given below:
Standard hours: 20; standard rate Rs. 5 per hour; Actual Production 1000 units. Actual hours 20,500 hours. Actual rate per hour Rs. 4.80.
Calculate a) Labour cost variance; b) Labour efficiency variance; c) Labour rate variance

SECTION – C

ANSWER ANY TWO QUESTIONS: **(2 x 20 = 40)**

18. Prepare a flexible budget for overheads on the basis of the following data. Ascertain overhead rate at 50%, 60% and 70% capacity

	At 60% capacity
Variable overheads	Rs.
Indirect material	6,000
Indirect labour	18,000
Semi variable overheads	
Electricity (40% fixed)	30,000
Repairs (80% fixed)	3,000
Fixed overheads	
Depreciation	16500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated Direct labour hours	1,86,000 hours

19. Calculate Material variances.

Material	SP per Kg.	Std. mix for 12,000 Tiles kgs.	Actual usage in kg.	AP per kg. Rs.
A	5	1,200	12,000	7
B	9	600	6,000	6

Actual output: 1,00,000 Tiles.

20. Ram Corporation Ltd., has prepared the following budget estimate for the year 2021-22.

Sales (units)	15,000
Fixed Expenses	Rs. 34,000
Sales	Rs. 1,50,000
Variable cost	Rs.6 per unit.

You are required to find
a) P.V Ratio
b) BEP
c) Margin of Safety.
d) Calculate the P.V.Ratio, BEP, MOS in each of the following cases:
   i) Decrease in selling price by 10%
   ii) Increase of Rs. 6000 in fixed cost.

21. The following particulars are taken from the records of a company engaged in manufacturing two products X and Y from a certain raw material:

	Product X (Rs. Per unit)	Product Y (Rs. Per unit)
Sales	125	250
Material cost (Rs. 2.5 per kg)	25	62.50
Wages (Rs. 15 per hour)	37.50	75
Variable overhead	12.50	25

Total Fixed overheads Rs. 50,000

Comment on the profitability of each product when:

a. Total availability of raw material is 20,000 kgs and maximum sales potential of each product is 1,000 units. Find the product mix to yield maximum profit. Determine the maximum profit.

b. Total sales in value is limited

c. Labour time is limited

d. Production capacity in units is a key factor

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