

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2019 – 2020 and thereafter)**

**SUBJECT CODE: 19CM/PC/AD14**

**M.Com. DEGREE EXAMINATION NOVEMBER 2022**  
**COMMERCE**  
**FIRST SEMESTER**

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

**SECTION – A**

**ANSWER ANY SIX QUESTIONS: (6 x 10 = 60)**

1. Explain the role of Accounting in Decision Making
2. Explain major categories of Cash flows as per AS-3 for Cash flow statement.
3. Enumerate the salient features of Activity Based Costing System.
4. X Ltd., manufactures consumable product. From the following data you are required to prepare cost sheet.

	Rupees.
Materials (opening)	30,000
Materials (Closing)	25,000
WIP(opening)	50,000
WIP(Closing)	55,000
Finished goods(opening)	60,000
Finished goods(closing)	80,000
Materials purchased	1,20,000
Direct labour	90,000
Manufacturing overheads	80,000
Selling overheads	40,000
General expenses	32,000
Sales	3,92,000

5. The management of a company finds that while the cost of making a component part is Rs.10. the same is available in the market at Rs.9 with assurance of continuous supply.

Give your suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs.9 to Rs.8.

The cost information is as follows:

Rs.

Materials	3.50
Direct labour	4.00
Other variable expenses	1.00
Fixed expenses	1.50
<b>Total</b>	<b>10.00</b>

6. From the following two balance sheets as at March 31, 2020 and 2021, you are required to prepare a fund flow statement.

Particulars	2020	2021	2020	2021
<b>Liabilities:</b>				
Share capital	40,000	45,000		
Trade creditors	10,000	23,000		
P&L a/c	23,000	2,50,000		
<b>Assets:</b>				
Cash			30,000	47,000
Debtors			1,20,000	1,15,000
Stock-in-trade			80,000	90,000
Land and building			50,000	66,000
	2,80,000	3,18,000	2,80,000	3,18,000

7. Assuming that the cost structure and selling prices remain same in period 1 and period II find out
- P.V. Ratio
  - B.E. Sales
  - Profit when sales Are Rs. 2,00,000.
  - Margin of safety for Period II

Period	Sales in Rs.	Profit in Rs.
I	2,40,000	18,000
II	2,80,000	26,000

8. Debtors velocity            3 months  
 Stock velocity                1.5 months.  
 Gross profit ratio            25%  
 Gross profit                    Rs.4,00,000  
 Bills receivable                Rs. 25,000  
 Closing stock is 20% more than the opening stock.  
 Calculate: a) Debtors, b) Closing stock.

### SECTION – B

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

9. The following particulars are obtained from costing records of a factory:

	Product A (Rs. per unit)	Product B (Rs. per unit)
Selling price	200	500
Material (Rs. 20 per kg.)	40	160
Labour (Rs.10 per hour)	50	100
Variable overhead	20	40

**Total Fixed overheads Rs 15,000.**

**Comment on the profitability of each product when:**

- Raw material is in short supply;
- Production capacity is limited
- Sales quantity is limited;

- d) Sales value is limited;  
 e) Only 1000 kgs of raw material is available for both type of products in total and maximum sales quantity of each product is 300 units.

10. Using the following data, prepare Balance sheet.

Gross profit ratio	20%
Current Ratio	1.8
Stock turnover ratio	4 times
Debt collection period	20 days.
(360 days' year)	
Long-term debt to equity	40%
Total assets turnover	0.3 times
Credit sales to total sales	80%
Gross profit	Rs. 1,08,000.
Shareholder's equity	Rs. 12,00,000.

11. From the following information of product no.007 compute Material Variances.

Material	SP per kg.	Std. mix for 12000 tiles. Kg.	Actual usage kg.	Actual price per kg. Rs.
A	5	1,200	12,000	7
B	9	600	6,000	6

Actual output: 1,00,000 tiles.

12. The cost of an article at a capacity of 10,000 units is given below. For a variation in capacity above or below this level the individual expenses vary as indicated below.

	Rs.	variability
Material	50,000	100% varying
Labour	30,000,	100% varying
Power	3,000	80% varying
Repairs and maintenance	3,500	80% varying
Stores	2,000	100% varying
Inspection	800	25% varying
Depreciation	10,000	100% varying
Administration overheads	3,600	25% varying
Selling overheads	4,500	50% varying
Total	1,07,000	
Cost per unit	10.74	

Find out the unit cost of the product under each individual expenses at production level of 8000 units and 12,000 units.

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