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

B.COM (A&F). DEGREE EXAMINATION NOVEMBER 2023
ACCOUNTING AND FINANCE
THIRD SEMESTER

COURSE : MAJOR – CORE
PAPER : TOOLS FOR MANAGERIAL DECISION MAKING
SUBJECT CODE : 19AF/MC/TD34
TIME : 3 HOURS MAX. MARKS: 100

SECTION – A

ANSWER ALL QUESTIONS: (10 x 2 = 20)

1. What is Management Accounting?
2. How does budgetary control assist in financial planning?
3. Write a note on Break-even point.
4. Differentiate between PERT and CPM.
5. What is a responsibility centre?
6. From the following data calculate P/V Ratio

	Rs.
Sales	80,000
Fixed expenses	15,000
Break even point	50,000

7. Rebecca presents the following results for one year. Calculate P/V ratio.

	Rs
Sales	2,00,000
Variable costs	1,20,000
Fixed cost	50,000
Net profit	30,000

8. From the following, calculate material price variance for material consumed, assuming standard price per kg of Rs.8
   Opening stock of material: 50 g at Rs. 10 per kg
   Purchases 850 kg at Rs. 10 per kg
   Closing stock of material 100 kg.

9. From the following information , calculate Break even point.
   Sales price - Rs. 20 per unit
   Variable cost - Rs. 14 per unit
   Fixed cost - Rs. 79,200

10. From the following ,calculate sales value variance

Product	Quantity Units	Price Rs.	Quantity Units	Price Rs.
A	1,000	20	1,300	21
B	2,000	15	2,300	14
Total	3,000		3,600	

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SECTION – B

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

11. The activities of a project have the following PERT time estimates:

Job	Optimistic time	Most likely time	Pessimistic time
1-2	3	6	15
7-8	4	19	28
2-3	6	12	30
3-5	5	11	17
5-8	1	4	7
6-7	3	9	27
4-5	3	6	15
2-4	2	5	8
1-6	2	5	14

I. Draw the net worth diagram and determine the critical path.
II. Find the project completion time and its variance

12. Vishal presents the following results for one year. Calculate the P/ V ratio, BEP and Margin of safety

	Rs.
Sales	2,00,000
Variable cost	1,20,000
Fixed cost	50,000
Net profit	30,000

13. A company produces two products R and S . The following are the materials consumed for the production of 100 tons of output

	Product R		Product S
Material	Quantity Tons	Price Rs.	Quantity Tons
A	20	10 per ton	40
B	30	5 per ton	-
C	40	8 per ton	20
D	20	20 per ton	30
E	5	50 per ton	20

During the quarter ended 31st March 2019, 500 tons of R and 400 tons of S were planned to be produced. Prepare material consumption budget showing total cost of material budgeted to be consumed for the quarter.

14. A manufacturing concern which has adopted standard costing furnishes the following information:

Standard materials for 70 kg of finished product: 100 kg
Price of material Re. 1 per kg
Actual output 2,10,000 kg
Material used 2,80,000 kg
Cost of material Rs.2,52,000

Calculate Material price variance, Material usage variance, Material cost variance.

15. A Factory is currently working at 50% capacity and produces 10,000 units at a cost of Rs. 180 per unit as per details below

	Rs.	
Materials	100	
Labour	30	
Factory overheads	30	(Rs.12 fixed)
Administrative overhead	20	(Rs. 10 fixed)
Total	180	

The current selling price is Rs. 200 per unit. At 60% working material cost per unit increases by 2% and selling price per unit falls by 2% . At 80% working , material cost per unit increases by5% and selling price per unit falls by 5%
Estimate Profits of the factory at 60% and 80% and offer your comments.

16. From the following information, calculate
    a) Break even point
    b) Numbers of units that must be sold to earn a profit of Rs. 60,000, per year.

Sales price - Rs. 20 per unit
Variable cost - Rs. 14 per unit
Fixed cost - Rs 79,200.

17. Calculate labor variances from the following data:
A factory worked for 6000 labor hours during a week. 200 hours were wasted due to power failure. The sundry work done by the workers was equal to 6400 standard hours. The standard rate per hour was Rs.15. The actual wage rate was Rs.20 per hour.

SECTION – C

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

18. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% capacity

	Per unit Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity)	1,000 units

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19. A. Present sales Rs. 1,00,000
Variable cost Rs. 60,000
Fixed cost Rs. 20,000
Calculate P/V Ratio, Break even point and Margin of Safety.
Ascertain the effect of 10% reduction of selling price on:
a) P/V Ratio b) Break even point c) Margin of Safety
Also calculate the sales required to maintain the profit at present level

B. An automobile manufacturing company finds that the cost of making Part No. 304 in its own workshop is Rs.6. The same part is available in the market at Rs.5.60 with an assurance of continuous supply. The cost data to make the part are:

Material	Rs. 2
Direct Labour	Rs. 2.5
Other Variable cost	Rs. 0.50
Fixed cost	Re. 1
Total Cost	Rs. 6

Should the part be made or bought?

20. From the following particulars calculate sales variances.

	Budgeted sales		Actual sales	
Product	Quantity Units	Price Rs.	Quantity Units	Price
A	1,000	20	1,300	21
B	2,000	15	2,300	14
	3,000		3,600	

21.From the following data forecast the cash position at the end of April, May and June 2018

Month 1998	Sales	Purchases	Wages	Sales expense
February	1,20,000	80,000	10,000	7,000
March	1,30,000	98,000	12,000	9,000
April	70,000	1,00,000	8,000	5,000
May	1,16,000	1,03,000	10,000	10,000
June	85,000	80,000	8,000	6,000

Further information:
Sales at 10% realised in the month following the month of supply
Wages 20% paid in the following month
Sundry expenses paid in the month itself
Income tax Rs. 20,000 payable in June
Income from investment Rs. 2000 received half- yearly in March and September
Cash balance on hand as on 1.4.2018 Rs. 40,000

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