

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2022-2023)

B.COM. DEGREE EXAMINATION APRIL 2024
BANKING, FINANCE AND ENTREPRENEURSHIP
FOURTH SEMESTER

COURSE : **MAJOR – CORE**
PAPER : **ACCOUNTING FOR DECISION MAKING**
SUBJECT CODE : **22BF/MC/AD43**
TIME : **3 HOURS** **MAX. MARKS: 100**

SECTION A

ANSWER ALL QUESTIONS: **(10 X 2 = 20)**

1. What are the Principal components of Financial statements?
2. What are Profitability ratios?
3. What is a common size statement?
4. Enumerate the benefits of Standard Costing.
5. Write the meaning of 'Inflation'.
6. Compute margin of safety.
Profit – ₹ 2,25,000
P/V ratio – 40%
7. From the following details of a business concern calculate net profit ratio.
₹

Sales	3,50,000
Cost of goods sold	1,50,000
Administrative exp.	50,000
Selling expenses	10,000
8. State the formula for calculating P/V ratio when profit/loss and sales of two periods are given.
9. You bought 10,000 euros with US dollars at an exchange rate of 1.25 in January. You sold them in February at an exchange rate of 1.18. Calculate your percentage profit or loss based on the appreciation/depreciation of the euro.
10. Ganesh purchased and used 800 tons of a chemical at Rs.40 per ton whereas the standard price fixed was Rs.48 per ton. Calculate material price variance.

SECTION B

ANSWER ANY FIVE QUESTIONS: **(5 X 8 = 40)**

11. Who are the parties interested in Financial statements? What is the nature of their interests?
12. Compare and contrast the effects of adopting different accounting treatments for foreign exchange transactions on a company's reported earnings. Consider how these treatments can influence investors' perceptions of the company's financial health and performance.

13. The standard estimate for materials to manufacture 1,000 units of a commodity is 400 kgs., @₹2.50 per kg.
When 2,000 units of the commodity are manufactured, it is found that 820 kgs of materials are consumed @2.60 per kg. Calculate the Material variances.
14. From the following information relating to ATK Bros Ltd., You are required to find out
a) P/V ratio b) Break even point c) Profit d) Margin of safety
e) Volume of sales to earn profit of ₹6,000

	₹
Total fixed costs	4,500
Total variable costs	7,500
Total sales	15,000

15. The following are the income statements of X, Y, Z co. Ltd for the years 2020 and 2021
Prepare common-size income statements for the two years

Trading and Profit and Loss Account

Particulars	2020 ₹	2021 ₹	Particulars	2020 ₹	2021 ₹
To Cost of sales	2,40,000	3,50,000	By Sales	4,00,000	5,00,000
To Gross profit c/d	1,60,000	1,50,000			
	4,00,000	5,00,000		4,00,000	5,00,000
To Operating expenses:			By Gross profit b/d	1,60,000	1,50,000
Administration	25,000	30,000	By Interest on investments	20,000	50,000
Selling	15,000	20,000			
Distribution	10,000	10,000			
To Non-Operating expenses:					
Finance	20,000	20,000			
Goodwill written-off	10,000				
To Net profit	1,00,000	1,20,000			
	1,80,000	2,00,000		1,80,000	2,00,000

16. Product A requires 10kgs of materials at the rate of ₹4 per kg. The actual consumption of material for the manufacturing of product A came to 12 kgs of materials at the rate of ₹4.50 per kg. Calculate a) Material cost variance b) Material price variance c) Material usage variance.
17. From the following details you are required to ascertain net profit and calculate net profit ratio.

	₹
Sales	5,40,000
Sales returns	40,000
Gross profit	3,00,000
Income from investments	40,000
Loss on sale of plant	30,000
Operating expenses	1,20,000
Provision for tax	50,000

SECTION C

ANSWER ANY TWO QUESTIONS:

(2 X 20 = 40)

18. State the meaning of Standard Costing. Explain its advantages and disadvantages.
19. Raman & Co., produces 2 products X and Y. The technical labour needed to produce the products is in short supply. The following data is available for the year ending 31.3.2022.

	Product X Per unit ₹	Product X Per unit ₹
Material	40	60
Labour (at Rs.2 per hour)	30	12
Variable Overheads (50% of labour)	10	6
Fixed cost at the current capacity level	15	30
Selling price	100	120
Units sold	900	2000

Maximum labour hours available per month 3,000 hours.

If maximum profit is to be made using the remaining capacity by producing and selling the best product when labour time is limited (present production of either product should be kept as the minimum output). Determine the maximum profit.

20. From the following information, you are required to prepare a Balance Sheet.

a) Current ratio	1.75
b) Liquid ratio	1.25
c) Stock turnover ratio	9
d) Gross profit ratio	25%
e) Debt collection period	1.5 months
f) Reserve and surplus to capital	0.2
g) Fixed assets turnover (on cost of sales)	1.2
h) Capital gearing ratio (long-term debt to share capital)	0.6
i) Fixed assets to net worth	1.25
j) Sales for the year	Rs.12,00,000

21. From the following data provided by TK Ltd for the month of August 2023. Calculate (1) Total overhead cost variance (2) Fixed overhead cost variance and (3) Variable overhead cost variance.

	Budget	Actual
Output in units	30,000	32,500
Fixed overhead (₹)	45,000	50,000
Variable overhead(₹)	60,000	68,000
