

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011-12)

SUBJECT CODE : 11CM/PC/AM44

M.Com. DEGREE EXAMINATION APRIL 2013
COMMERCE
FOURTH SEMESTER

COURSE : CORE
PAPER : ACCOUNTING FOR MANAGERIAL DECISIONS
TIME : 3 HOURS **MAX. MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS:

(10 x 2 = 20)

1. What is meant by Absorption Costing?
2. Write a note on Variance analysis.
3. What is Zero based budgeting?
4. Describe the meaning and significance of E.P.S.
5. Write a note on CPM.
6. From the following you are required to :
(a) Find B.E.P (b) Calculate revised B.E.P if there is an increase of 10% in variable cost.
Given: Sales (units) 15,000, selling price Rs.10 per unit, Fixed cost Rs.34,000 & Variable cost Rs.6 per unit.
7. Current ratio 2.5, working capital 60,000, Calculate the amount of Current assets and Current liabilities.
8. Calculate Material Cost Variance from the following data:

	Standard	Actual
Quantity	400 kgs	460 kgs
Price	Rs. 2 per kg	Rs. 1.5 per kg
Value	Rs. 800	Rs. 690
9. Prepare production budget for the Quarter ending 31st march 2004.

Budgeted sales for the Quarter	40,000 Tons
Stock on 31 st Dec. 2003	8,000 Tons
Required stock on 31 st march 2004	10,000 Tons
10. Ascertain the funds from operation from the data provided for the year 2004.

a) P&L A/c Balance on 1.1.2004	5,00,000
b) P&L A/c Balance on 31.12.2004	12,40,000
c) Discount on issue of debentures written off	44,000
d) Profit on sale of furniture	26,000
e) Loss on sale of buildings	1,32,000

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. A.G.Ltd. furnished you the following information related to the year 2011.

	First half of the year (Rs.)	Second half of the year (Rs.)
Sales	45,000	50,000
Total cost	40,000	43,000

Assuming that there is no change in prices and variable cost and that the fixed expenses are incurred equally in the 2nd half year periods, calculate for the year 1996:

- The profit volume ratio
- Fixed expenses
- Break even sales and
- % of margin of safety.

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

Standard: Materials for 70Kgs of finished product: 100Kgs

Price of material Re. 1 per Kg

Actual: Output	2,10,000 Kg
Material used	2,80,000 Kg
Cost of materials	Rs. 2,52,000

Calculate: a) Material price variance b) Material usage variance c) Material cost variance.

13. Prepare a Flexible budget for overheads on the basis of the following data.

Ascertain overheads rates at 50%, 60% and 70% capacity.

	At 60% capacity Rs.
Variable overheads	
Indirect material	6,000
Indirect Labour	18,000
Semi-variable overheads	
Electricity(40% fixed, 60% variable)	30,000
Repairs(80% fixed, 20% variable)	3,000
Fixed overheads	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated labour hours	1,86,000

14. The following particulars are obtained from the records of a company manufacturing two products P and R.

	Per unit	
	Product 'P'(Rs.)	Product 'R'(Rs.)
Selling price	200	400
Material cost (Rs.20 per kg)	40	100
Direct wages (Rs. 6 per kg)	60	120
Variable overhead	20	40

Total fixed overhead is Rs.10,000

Comment on profitability of each product when production capacity in hours, and material are the limiting factors.

15. You are required to ascertain working capital from the following details:

Particulars	1.1.2010	31.12.2010
	(Rs.)	(Rs.)
8% Debentures	40,000	40,000
Outstanding rent	8,000	12,000
Cash in hand	4,000	8,000
Cash at bank	12,000	15,000
Accounts payable	20,000	26,000
Machinery	25,000	16,000
Accounts receivable	30,000	34,000
Prepaid commission	4,000	-
Inventories	22,000	27,000
Share premium	15,000	15,000
Equity share capital	50,000	50,000

16. Calculate labour variance from the following data:

A factory worked for 6,000 labour hours during a week. 200 hours were wasted due to power failure. The sundry works done by the workers were equal to 6,400 standard hours. The standard rate per hour was Rs.15. the actual wage rate was Rs.20 per hour.

17. A project has the following characteristics.

Activity	Duration	Preceding activity
A	6	-
B	8	A
C	4	A
D	9	B
E	2	C
F	7	D

Construct the network and compute LST, LFT, EST, EFT and determine the critical path and the project duration.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 X 20 = 40)

18. Z Ltd. Furnish you the following Balance sheets for the years ending 31st Dec. 2005-06.

You are required to Prepare a cash flow statement for the year ended 31.12.2006.

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Equity share capital	20,000	20,000	Goodwill	2,400	2,400
General reserve	2,800	3,600	Land	8,000	7,200
Profit and loss A/c	3,200	2,600	Building	7,400	7,200
Sundry creditors	1,600	1,080	Investment	2,000	2,200
Outstanding expenses	240	160	Inventory	6,000	4,680
Provision for tax	3,200	3,600	A/Cs receivable	4,000	4,440
Provision for bad debts	80	120	Bank balance	1,320	3,040
	<u>31,120</u>	<u>31,160</u>		<u>31,120</u>	<u>31,160</u>

Following additional information has been supplied:

- A piece of land has also been sold for Rs. 800.
- Depreciation amounting to Rs. 1,400 has been charged on Building.
- Provision for Taxation has been made for Rs. 3,800 during the year.

19. A project has the following time schedule :

Activity	Time in months	Activity	Time in months
1 – 2	2	4 – 6	3
1 – 3	2	5 – 8	1
1 – 4	1	6 – 9	5
2 – 5	4	7 – 8	4
3 – 6	8	8 – 9	3
3 – 7	5		

- Construct the network
- Find the total float for each activity
- Find the critical path and the project duration.

20. From the following data forecast the cash position at the end of April, May and June 2012.

Month 2012	Sales Rs.	Purchases Rs.	Wages Rs.	Sales Rs.
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

Additional information:

- Sales at 10% realized in the month of sales. Balance equally realized in two subsequent months.
- Purchases: Creditors are paid in the month following the month of supply.
- Wages: 20% paid in arrears in the following month.
- Sundry expenses paid in the month itself.
- Income tax Rs. 20,000 payable in June.
- Dividend Rs. 12,000 Payable in June.
- Income from investment Rs. 2,000 received half-yearly in March and September.
- Cash balance on hand as on 1-4-2012 Rs. 40,000.

21. Prepare a balance sheet with as many details as possible from the following information.

- Current ratio : 1.75
- Liquid ratio : 1.25
- Stock turnover ratio (cost of sales/closing stock) : 9
- Gross profit ratio : 25%
- Debt collection period : 1.5 months
- Reserves and surplus to capital : 0.2
- Fixed assets turnover (on cost of sales) : 1.2
- Capital gearing ratio (Long-term debt to share capital) : 0.6
- Fixed assets to net worth : 1.25
- Sales for the year : Rs.12,00,000
