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

SUBJECT CODE: 11CM/PC/AM44

M.Com. DEGREE EXAMINATION APRIL 2016
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. Define Marginal Cost.
2. What is Standard Cost?
3. Write short note on Sales budget.
4. Give the meaning of 'capital gearing'.
5. What is Network Analysis?
6. From the following particulars, find out the selling price per unit if B.E.P is to be brought down to 9000 units.

   Variable cost per unit : Rs. 75
   Selling price per unit : Rs. 100
   Fixed expenses : Rs. 2, 70,000.

7. From the following, calculate Debt equity ratio:

Equity shares of Rs.10 each	5, 00,000
General Reserve	30,000
Accumulated Profit	40,000
Debentures	1, 00,000
Creditors	50,000
Outstanding expenses	20,000
Loan from Bank	90,000

8. Find out the provision for Income Tax made during the financial year 2011-2012:

Balance of Provision for Tax on 1.4.2011	2, 65,000
Balance of Provision for Tax on 31.3.2012	2, 90,000
Tax paid during the year	3, 00,000

9. Variable overhead for production of 10,000 units are Rs. 60,000. What will be the variable overheads for production of (a) 15,000 units (b) 20,000 units.
10. Calculate Material price variance from the following:

Standard	2740 units@ Rs. 15 each
Actual	3000 units@ Rs. 17 each.

SECTION – B

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

11. From the following calculate (1) Capital Turnover ratio (2) Fixed Assets turnover ratio (3) Working capital turnover ratio:

Sales	Rs. 15, 00,000
Gross profit	20% on Sales
Current Assets	Rs. 4, 00,000
Current Liabilities	Rs. 2, 00,000
Net fixed Assets	Rs. 4, 00,000

12. Tiny Tot Limited furnish you the following Balance Sheets for the years ending on 31st December 2014 and 2015. You are required to prepare a Cash Flow Statement for the year ended 31st December 2015:

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Equity Share Capital	10,000	10,000	Goodwill	1,200	1,200
General Reserve	1,400	1,800	Land	4,000	3,600
Profit and Loss A/c	1,600	1,300	Building	3,700	3,600
Sundry Creditors	800	540	Investments	1,000	1,100
Outstanding Exps.	120	80	Inventories	3,000	2,340
Prov. for Taxation	1,600	1,800	Receivables	2,000	2,220
Prov. for Bad debts	40	60	Bank Balance	660	1,520
	15,560	15,580		15,560	15,580

Following additional information has also been supplied to you:

i) Depreciation amounting to Rs. 700 has been charged on Building.

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

	Product A (per unit) Rs.	Product B (per unit) Rs.
Selling Price	200	500
Material (Rs. 20 per litre)	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:

a) raw material is in short supply;
b) production capacity is limited;
c) sales quantity is limited;
d) sales value is limited;
e) only 1,000 litres of raw material is available for both the products in total and maximum sales quantity of each product is 300 units.

14. A Company manufactures two products A and B. A forecast for the number of units to be sold in the first four months of the year is given:

	Product A in units	Product B in units
January	3,000	6,000
February	3,400	6,000
March	4,200	5,200
April	5,000	4,400

It is anticipated that
(i) there will be no work in progress at the end of every month.
(ii) Finished units equal to half the sales for the next month will be stock at the end of each month including December.
Prepare Production Budget three months ending March 31.

15. From the following data, Calculate Labour variances for the two Departments

	Dept. A	**Dept. B**
Actual gross wages (direct)	Rs. 20,000	Rs. 18,000
Standard hours produced	12,000	9,000
Standard rate per hour	Rs. 2	Rs. 2.50
Actual hours worked	12,300	8,700

16. From the following particulars, Calculate cash from operations:

Particulars	**December 31**	
	2008	**2009**
Trade Debtors	1,50,000	1,30,000
Bills Receivables	50,000	40,000
Stock in trade	1,20,000	1,45,000
Prepaid Expenses	30,000	25,000
Accessed Income	20,000	27,500
Sundry Creditors	80,000	1,10,000
O/S Expenses	4,000	5,000
Bills payable	30,000	25,000
Income received in Advance	3,000	4,000
Profit made during the year	-	7,50,000

17. The following table list the jobs of a network along with their time estimates:

Jobs	1-2	1-3	2-4	3-4	4-5	3-5
Optimistic time	2	9	5	2	6	8
Most likely time	5	12	14	5	6	17
Pessimistic time	14	15	17	8	12	20

a) Draw the network.
b) Calculate the length and variance of the critical path.

SECTION – C

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

18. From the following particulars prepare the balance sheet of Shri Mohan Ram.

Current ratio	2	Stock velocity	2 months
Working capital	Rs. 4,00,000	Creditors velocity	2 months
Capital block to Current Assets	3.2;1	Debtors velocity	3 months
Fixed Assets to Turnover	1.3	Capital block Net Profit	10% of turnover
Sales Cash/Credit	1.2	Reserve	2.5% of turnover
Debentures / Share capital	1;2		
Gross profit ratio	25% (on sales)		

19. The following is the comparative Balance sheet of Pratima Co. Ltd. as on 30.6.2007 and 30.6.2008.

Balance Sheet

Liabilities	30.06.2007	30.06.2008	Assets	30.06.2007	30.06.2008
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve fund	28,000	36,000	Buildings	80,000	72,000
P & L A/C	39,000	24,000	Machinery	74,000	72,000
Creditors	16,000	10,800	Investments	20,000	22,000
Bank O/D	12,400	2,600	Inventories	60,000	50,800
Provision for tax	32,000	34,000	Debtors	40,000	44,400
Provision for Doubtful Debts	3,800	4,200	Cash	13,200	30,400
	3,11,200	**3,11,600**		**3,11,200**	**3,11,600**

Additional Information:
1. Depreciation charged machinery Rs. 10,000 and buildings Rs. 8,000.
2. Investments sold during the year Rs. 3,000.
3. Rs. 15,000 interim Dividend paid Jan 2008.
4. Taxes paid during the year Rs. 30,000

Prepare a) a statement of changes in working capital
b) Fund flow statement.

20. The Sales Turnover and Profit during two years were as follows:

Year	Sales	Profit
2007	1,40,000	15,000
2008	1,60,000	20,000

Calculate:
a) P/V ratio
b) Break even point
c) Sales required to earn a profit of Rs. 40,000
d) Fixed Expenses
e) Profit when sales are Rs. 1, 20,000
f) The effect on P/V Ratio and BEP, when there is an increase in selling price by 20%.
g) With the increase in Fixed Cost by 25%, what is the BEP?

21. A company manufactures a particular product the standard direct materials cost of which is Rs. 10 per unit. The following information is obtained from the costing records:
(a) Standard Mix:

Material	Quantity Units	Rate Rs.	Amount Rs.
A	70	10	700
B	30	5	150
	100		850
Loss : (15%)	15		--
	85		850

(b) Actual results for June 2001:

Material	Quantity Units	Rate Rs.	Amount Rs.
A	400	11	4,400
B	200	6	1,200
	600		5,600
Loss : (10%)	60		--
	540		5,600

Compute:
i) Material Price Variance;
ii) Material Yield Variance;
iii) Total Material Cost Variance.
vi) Material Mix Variance; and
v) Material Usage Variance;

****