STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015 – 2016 and thereafter)

SUBJECT CODE: 15CM/PC/AM14

M.Com. DEGREE EXAMINATION NOVEMBER 2016
COMMERCE
FIRST SEMESTER

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

SECTION – A

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

1. What are the differences between Absorption costing and Marginal costing?

2. What are the different types of Budget?

3. Distinguish between PERT and CPM.

4. A. Calculate Break-even point from the following:
   Sales – 1,000 units at Rs.10 each - Rs.10,000
   Variable cost – Rs.6 per unit
   Fixed cost – Rs.8,000
   B. If the selling price is reduced to Rs.9, What is the new break-even point?

5. You are required to construct a selling overhead budget from the details given below:

Particulars	Rs.
Establishment expenses of sales department	15,000
Other expenses of sales department	6,000
Advertisement	4,500
Salaries to counter salesmen	15,000

Commission to counter salesmen at 2% on their sales.
Commission to travelling salesmen at 5% on their sales and out of pocket expenses at 3% on their sales.

The following are the likely sales range for the year:

Sales at counter Rs.	Sales by Travelling salesmen Rs.
1,50,000	15,000
2,00,000	20,000
2,50,000	25,000

6. **A. Calculate Labour Rate Variance from the following:**
   Standard:
   40 workers to work for 8 hours per day for five days in a week and get paid at Rs.10 per hour.
   Actual:
   43 workers worked on an average of 9 hours per day for five days in a week and were paid at Rs.11 per hour on an average.

   B. In a factory, the standard rate per labour hour is fixed at Rs.20. During the month of March 2013,
   80,000 hours of labour were recorded and were paid as follows:
   25,000 hours at Rs.20 per hour
   30,000 hours at Rs.23 per hour
   25,000 hours at Rs.25 per hour
   Calculate Labour Rate Variance.

   C. Standard: 40 men at Rs.25 per hour
   20 women at Rs.20 per hour
   Standard working week: 8 hours per day for 5 days.
   Actual: 35 men at Rs.26 per hour
   28 women at Rs.19 per hour. **Compute Labour Rate Variance.**

7. Pankajam Ltd. sells goods on cash as well as on credit basis. The following information is extracted from their books of accounts for 2014:

Particulars	**Rs.**
Total sales	1,00,000
Cash sales (included in the above)	20,000
Sales returns	7,000
Total debtors for sales as on 31-12-2014	9,000
Bills receivables as on 31-12-2014	2,000
Provision for doubtful debts	1,000
Trade creditors as on 31-12-2014	10,000

   You are required to calculate:
   i. Debtors turnover ratio;
   ii. The average collection period.

8. From the following Balance Sheet of Aravind Ltd., you are required to prepare a cash flow statement:

Liabilities	1989 Rs.	1990 Rs.	Assets	1989 Rs.	1990 Rs.
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
Profit & Loss A/c	20,000	46,000	Stock	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

SECTION – B

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

9. The sales turnover and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
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 and
e) Profit when sales are Rs.1,20,000.

10. Kunal Products produces and sells a product for which total capacity of 2,000 units exists. The following expenses are for the production of 1,000 units of the product which is sold at Rs.130 per unit.

Particulars	Per unit Rs.
Direct materials	20
Direct wages	30
Administration overheads (constant)	20
Selling expenses (50% fixed)	10
Distribution expenses (25% fixed)	20
Total	**100**

You are required to prepare a flexible budget for the production and sale of 1200 units, 1600 units and 2,000 units, showing clearly the marginal (variable) cost and total cost at each level.

11. A Company manufactures a particular product, the standard material cost of which is Rs.10 per unit. The following information is obtained from the cost records.

i. Standard mix

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

ii. Actual results for January 1987:

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

Calculate: (1) Material price variance, (2) Material Mix Variance, (3) Material usage variance, (4) Material yield variance, (5) Material cost variance.

12. The following is the comparative balance sheets of Pratima& Co. Ltd. as on 30th June 2013 and 30th June 2014.

Balance Sheet

Liabilities	30-6-2013 Rs.	30-6-2014 Rs.	Assets	30-6-2013 Rs.	30-6-2014 Rs.
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
Trade creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for Taxation	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:

i. Depreciation charged on machinery Rs.10,000 and on buildings Rs.8,000.
ii. Investments sold during the year Rs.3,000
iii. Rs.15,000 interim dividend paid during January 2014.
iv. Taxes paid during the year Rs.30,000.

Prepare (a) A Statement of changes in Working Capital.
(b) A Funds Flow Statement .

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