M.Com DEGREE EXAMINATION,APRIL 2019
II Year IV Semester
Advanced Management Accounting and Decision Making

Time : 3 Hours **Max.Marks :75**

Section A $(10 \times 2 = 20)$ Marks

Answer any **TEN** questions

1. What is management accounting?
2. What is ratio analysis?
3. What is working capital?
4. What are the benefits of funds flow statement?
5. Find the gross profit ratio from the following details:

	Rs.
Sales	100000
Sales returns	20000
Cost of sales	50000

6. Find the variable cost :

   Sales Rs.400000

   P/V ratio 40%

7. From the following details compute the materials consumption during November 2014:

Estimated sales	5000 units
Expected closing stock	2000 units
Opening stock	1000 units

   A material required is 60 kgs for an output of 100 units of finished products.

8. Calculate material price variance from the following:

   Standard 2740 units at Rs. 15 each

   Actual 3000 units at Rs. 17 each

9. What is variance analysis?
10. Define budgetary control?
11. What is Profit Volume ratio?
12. What is debt equity ratio?

Section B $(5 \times 5 = 25)$ Marks

Answer any **FIVE** questions

13. From the following information you are required to calculate funds from operation:

Particulars	2007	2008
	Rs	Rs
P&L appropriation account	30000	40000
General reserve	20000	25000
Goodwill	10000	5000
Preliminary expenses	6000	4000
Provision for depreciation		
On machinery	10000	12000

14. From the following information , find out:

    a) Current assets

    b) Current liabilities

    i. Current ratio =2.5

    ii. Working capital =Rs. 60000

15. From the following data calculate :

    a.) P/V ratio b.) Profit

Sales	Rs.20000
Fixed expenses	Rs.4000
Break even point	Rs.10000

16. With the following data for 60% activity, prepare a budget for 80% activity

    Material Rs. 10 per unit

    Wages Rs.6 per unit

    Factory overheads Rs.6000 (20% fixed)

    Administration overheads Rs. 2400 (10% variable)

17. The standard estimate for materials to manufacture 1000 units of a commodity is 400 kgs at Rs. 2.50 per kg.

    When 2000 units of the commodity are manufactured, it is found that 820 kgs of materials are consumed at Rs. 2.60 per Kg.

    Calculate material variances.

18. Explain the merits and demerits of standard costing.

19. State the essentials features of a good budgetary control system.

Section C $(2 \times 15 = 30)$ Marks

Answer any **TWO** questions

20. The summarized balance sheet of ABCD ltd as on 21-12-2011 and 31-12-2012 are as follows:

Liabilities	2011(Rs)	2012(Rs)	Assets	2011(Rs)	2012(Rs)
Share capital	450000	450000	fixed assets	400000	320000
General reserve	300000	310000	Investment	50000	60000
P/L A/c	56000	68000	stock	240000	210000
Creditors	168000	134000	debtors	210000	455000
Prov. On tax	75000	10000	Bank	149000	197000
Mortgage loan	--	270000			
	1049000	1242000		1049000	1242000

Additional details:

1. Investment costing Rs.80000 were sold for Rs.8500

2. Provision for taxation made during the year Rs. 9000

3. During the year part of the fixed asset costing Rs.10000 was sold for Rs.12000 and the profit was included in P/L account.

Your are required to prepare cash flow statement for 2012

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

Gross profit ratio 20%

Debtors turnover ratio 6 times

Fixed asset to net worth 0.80

Reserve to capital 0.50

Current ratio 2.50

Liquid ratio 1.50

Net working capital Rs.300000

Stock turnover ratio 6 times

22. The following data are available in a manufacturing company for yearly period

Fixed expenses	Rs. in lakhs
Wages and salaries	9.5
Rent , rates and taxes	6.6
Depreciation	7.4
Administrative expenses	6.5

Semi variable expenses (at 50% of capacity)

Maintance and repairs	3.5
Indirect labour	7.9
Sales dept. Salaries	3.8
Sundry administrative salaries	2.8

<u>Variable expenses (at 50% of capcity)</u>

Material	21.7
Labour	20.4
Other expenses	7.9

	98.00

Assume that the fixed expenses remain constant for all levels of production, semi-variable expenses remain constant between 45%and 65% of capacity, increasing by 10% between 65%and 80% capacity and by 20%, between 80% and 100% capacity.

Sales at various levels are:	Rs. in lakhs
50% capacity	100
75% capacity	150
100% capacity	200

Prepare flexible budget for the year and forecast the profit at 50%, 75% and 100% of capacity.

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

Year	Sales(Rs.)	Profit(Rs.)
2011	140000	15000
2012	160000	20000

Calculate:

a. P/V ratio

b. Break Even Point

c. Sales required to earn a profit of Rs. 40000

d. Fixed expenses and

e. Profit when sales are Rs. 120000