

M.Com. DEGREE EXAMINATION, NOVEMBER 2018
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 cash flow statement?
2. What is working capital?
3. What are solvency ratios?
4. State the formula for stock turnover ratio.
5. State the methods of analysis of financial statement.
6. Define budget.
7. What do you mean by Zero Base Budget?
8. Define Marginal Costing.
9. What is Margin Of Safety?
10. Calculate P/V Ratio from the following sales Rs. 1,00,000, variable cost Rs. 60,000
11. State the formula for material cost variance
12. What do you mean by variance analysis?

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

Answer any **FIVE** questions

13. State the difference between fund flow analysis and cash flow analysis.
14. Calculate funds from operations from the following

Profit and Loss Account

Particular	Rs	Particular	Rs
To Administration expenses	25,000	By Gross Profit	2,15,000
To Selling expenses	16,000	By Interest on investment	5,000
To Depreciation	26,000	By Profit on sale of machinery	4,000
To Loss on sale of building	6,000		
To goodwill written off	5,000		
To Discount on issue of debentures	2,000		
To Net profit	1,44,000		
	2,24,000		2,24,000

15. Given:

Current ratio = 2.8

Acid – test ratio = 1.5

Working capital = Rs 1, 62,000

Calculate:

- (1) Current assets
- (2) Current liabilities
- (3) Liquid assets
- (4) Stock

16. State the advantage of Ratio analysis.

17. Martin Ltd. Plans to sell for the next year 50,000 units of a particular product.

Two kinds of raw materials 'A' and 'B' are required for manufacturing the product. Each unit of the product requires 2 units of 'A' and 3 units of 'B'. The estimated opening balance at the commencement of the next year is:

Finished product – 8,000 units

Raw materials – 'A' 12,000 units, 'B' – 15,000 units

The desired closing balances at the end of the next year are:

Finished product – 6,000

Raw materials – 'A' 13,000 units, 'B' 16,000 units

Draw up a raw material purchase budget for the next year.

18. From the following data calculate:

(a) P/V Ratio ; (b) Variable cost and (c) Profit

	Rs.
Sale	80,000
Fixed expenses	15,000
Break-even point	50,000

19. Calculate material cost variances 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

Section C ($2 \times 15 = 30$) MarksAnswer any **TWO** questions

20. Give a detailed note on the classes of Budgets.
21. From the following Balance Sheets of Ponni Ltd., make out the statement of Cash flow.

Balance sheets

Liabilities	1989 (Rs.)	1990 (Rs.)	Asset	1989 (Rs.)	1990 (Rs.)
Equity share capital	3,00,000	4,00,000	Good will	1,15,000	90,000
8% Redeemable pref. share capital	1,50,000	1,00,000	Land & buildings	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
P & L A/C	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information

- (a) Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant account and land and buildings account respectively in 1990.
- (b) An interim dividend of Rs. 20,000 has been paid in 1990.
- (c) Income tax Rs. 35,000 was paid during the year 1990.
22. A newly started Pushpak Co., wishes to prepare cash budget from January. Prepare a cash budget for the 6 months from the following estimated revenue and expenses.

Months	Total sales	Materials	Wages	Production overhead	Selling & Distribution overhead
	Rs.	Rs.	Rs.	Rs.	Rs.
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	24,000	14,000	4,600	3,300	800
April	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
June	30,000	16,000	4,800	3,600	1,000

Cash balance on 1st January was Rs. 10,000. A new machine is to be installed at Rs. 30,000 on credit, to be repaid by two equal instalments in March and April.

Sales commission at 5% on total sales is to be paid with in the month following actual sales.

Rs. 10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs. 2,000 is also obtained with 2nd call.

Period of credit allowed by suppliers – 2 months

Period of credit payment to customers – 1 month

Delay in payment of overheads – 1 month

Delay in payment of wages – $\frac{1}{2}$ month

Assume cash sales to be 50% of the total sales.

23. From the following data, calculate labour variances:

Budgeted labour for completing job X:

8 Skilled workers at Rs. 10 per hour for 20 hours

12 unskilled workers at Rs. 8 per hour for 20 hours

Actual labour for completing jobX :

12 skilled workers at Rs11per hour for 20 hours

13 unskilled workers at Rs 7per hour for 20 hours