

B.Com(Hons) DEGREE EXAMINATION, APRIL 2019
III Year VI Semester
Accounting for Decision Making

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer **ALL** the questions

1. What is Management accounting?
2. Prepare Comparative income statement

	31-12-2015 (Rs.)	31-12-2016 (Rs.)
Net sales	10,00,000	12,00,000
Cost of Goods sold	5,50,000	6,05,000
Operating expenses	1,40,000	1,80,000

3. State the importance of Ratio Analysis.
4. Profit after tax =Rs. 2,77,000
 Equity dividend 20%
 Market price of equity shares Rs. 50 Per share
 The company share capital consists of:
 40,000 equity shares @ Rs. 20 each & 30,000 9% pref shares @ Rs. 10 each
 Calculate price earning ratio.
5. What do you mean by budgeting?
6. From the following balance sheet, prepare a statement showing flow of funds.

Liabilities	31-12-91	31-12-92	Assets	31-12-91	31-12-92
Share capital	200000	200000	Land	50000	66000
Retained Earnings	10000	23000	Stock	80000	90000
Creditors	70000	45000	Debtors	120000	115000
			Cash	30000	47000
	280000	318000		280000	318000

7. Write a short note on CVP analysis.
8. Calculate P/V ratio
 Sales=2, 00, 000, variable cost= 1, 20,000
 Fixed cost=50,000, profit=30,000
9. Define standard costing.

10. A purchased and used 800 tons of chemical at Rs.40 per ton. Standard price fixed was Rs. 48 per ton. Calculate material price variance.

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

Answer any **FIVE** questions

11. Distinguish between management, financial and cost accounting
 12. What are the classification of ratio analysis?
 13. Calculate a) Operating ratio b) Expense ratio c) Operating profit ratio d) GP ratio e) NP Ratio

Sales	860000
Sales return	60000
Cost of goods sold	350000
Non Operating Income:	
Profit on sale of investment	30000
Income from investment	20000
Operating expenses:	
Administrative expenses	40000
Selling & Distribution expenses	80000
Non-Operating Expenses	
Finance expenses	30000
Provision for income tax	50000

14. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit
	Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distributiin expenses (60% fixed)	50,000
Present production (50% activity)	1000 units

15. Prepare cash flow

Liabilities	2000	2001	Assets	2000	2001
Share capital	300000	350000	Land	70000	86000
P&L a/c	20000	33000	Stock	90000	100000
Current liab	90000	65000	Debtors	120000	115000
			Cash	130000	147000
	410000	4480000		410000	4480000

16. From the following information calculate

i)P/V ii)BEP III)Profit iv)MOS V) Volume of sales to earn profit Rs.6000.
FC=4500, VC= 7500, S=15000.

17. Find out the (a) P/V ratio (b) Profit

Sales Rs. 200000, Fixed cost Rs. 40000, Break Even Point Rs. 100000

18. Calculate material cost variance

	STANDARD	ACTUAL
QUANTITY	400 Kgs	460 Kgs
PRICE	Rs. 2 per kg	Rs. 1.5 per kg
VALUE	Rs. 800	Rs. 690

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

PART - A - Case Study - Compulsory Question

19. Following are the details relating to the trading activities of SAN Ltd.,

Stock velocity - 8 months
Debtor's velocity - 3 months
Creditor's Velocity - 2 months
Gross Profit ratio - 25%

Gross profit for the year Rs.400000, bills receivable Rs.25000 and Bills Payable Rs.10000. Closing stock of the year is Rs.10000 more than the opening stock. Find out a) Sales, b) Debtors, c) Closing stock and d) Creditors.

PART - B

Answer any **ONE** question

20. Pepsi Company produces a single article. Following cost data is given about its product:

Selling price per unit Rs.40
Marginal cost per unit Rs.24
Fixed cost per annum Rs. 16000

Calculate:

(a)P/V ratio (b) break even sales (c) sales to earn a profit of Rs. 2,000 (d) New break even sales, if price is reduced by 10%. (e)MOS

21. Forecast the cash position using cash budget at the end of April, May and June 2015

Month 2015	Sales Rs.	Purchases Rs.	Wages Rs.	Sales expenses 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

Further information

Sales at 10% realized in the month of sales. Balance equally realized in two subsequent months

Purchases: Creditors are paid in 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 investments Rs. 2,000 received half-yearly in March and September.

Cash balance on hand as on 1-04-2015 Rs. 40,000