

M.Com. DEGREE EXAMINATION, APRIL 2020
I Year I 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 funds flow statement?
2. What is the basic purpose of cash flow statement?
3. Ascertain the gross profit ratio from the following details:

Gross Profit	Rs. 27,000
Cost of Sales	Rs.33, 000
Opening Stock	Rs. 12,000
Closing Stock	Rs.16,000

4. What is meant by return on investment?
5. What is comparative statement?
6. What is zero base budgeting?
7. What is master budget?
8. From the following details, calculate P/V Ratio.

Sales	Rs.1,00,000
Variable Cost	Rs.72, 000
Fixed Cost	Rs.16,800

9. Calculate B.E.P in units and value for the following:

Total cost	Rs.50,000
Total Variable Cost	Rs.30,000
Sales (5000 units)	Rs.50,000

10. What do you understand by variance analysis?
11. Find out labour cost variance from the following:

Standard rate of wages per hour	Rs.10
Standard hours	300
Actual rate of wages per hour	Rs.12
Actual hours	200

12. Calculate Direct material cost variance of product A

Standard quantity	-	50 kg
Standard price	-	Rs.4
Actual quantity	-	60kg
Actual price	-	3.75

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

Answer any **FIVE** questions

13. Examine uses and significance of Fund flow statement for management.

14. From the following balances, you are required to calculate the cash from operation:

	31/12/2017	31/12/2018
Debtors	50,000	47,000
Bills receivables	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	-	1,30,000

15. Suresh & co Ltd furnishes its balance sheet for the years 2000 and 2001 and requests you to prepare a comparative balance sheet for those years.

Liabilities	2000	2001	Assets	2000	2001
Equity share capital	80,000	80,000	Land and building	80,000	74,000
8% Debentures	80,000	90,000	Plant & machinery	60,000	54,000
Retained earnings	40,000	49,000	Furniture	20,000	28,000
Sundry creditors	50,000	70,000	Inventory	40,000	60,000
Bills payable	10,000	15,000	Debtors	40,000	80,000
			Cash	20,000	8,000
	2,60,000	3,04,000		2,60,000	3,04,000

16. From the following is the profit and loss Account of a company for the year ending 31-12-2017

Particulars	Rs.	Particulars	Rs.
To opening stock	1,00,000	By Sales	5,60,000
To Purchase	3,50,000	By Closing stock	1,00,000
To wages	9,000		
To Gross profit c/d	2,01,000		
	6,60,000		6,60,000
To Administrative expenses	20,000	By Gross profit b/d	2,01,000
To selling and distribution	89,000	By Interest on investment	10,000
To Non- operating exp	30,000	By profit on sale of investment	8,000
To Net profit	80,000		
	2,19,000		2,19,000

Calculate the following:

- Gross profit
- Net profit
- Operating ratio
- Operating profit ratio

17. From the following information prepare a cash budget for the months of June and July

Month	Credit sales Rs.	Credit purchase Rs.	Manufacturing Overheads Rs.	Selling overheads Rs.
April	80,000	60,000	2,000	3,000
May	84,000	64,000	2,400	2,800
June	90,000	66,000	2,600	2,800
July	84,000	64,000	2,000	2,600

Additional Information:

1. Advance tax of Rs 4,000 payable in June and in December 1994
2. Credit period allowed to debtors is two months
3. Credit period allowed by the vendors or suppliers
4. Delay in the payment of other expenses one month
5. Opening balance of cash on 1st June is estimated as Rs.20,000/-

18. You are given the following data for the year 1997 of the company:

Variable cost	Rs. 6,00,000
Fixed cost	Rs.3,00,000
Profit	Rs.1,00,000
Sales	Rs.10,00,000

- i. Profit /volume ratio
- ii. Break –even point
- iii. Profit when sales amounted to Rs.12,00,000
- iv. Sales required to earn a profit of Rs. 2,00,000

19. From the following data, calculate labour variance for the two departments.

	Department A	Department 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

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

Answer any **TWO** questions

20. From the following Balance Sheets, prepare a funds flow statement:

Liabilities	1994 (Rs.)	1995 (Rs.)	Assets	1994 (Rs.)	1995 (Rs.)
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable preference share capital	1,50,000	1,00,000	Land and building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & loss a/c	30,000	48,000	Stock	77,000	1,09,000
Proposed dividend	42,000	50,000	Debtors	1,60,000	2,00,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills payable	20,000	16,000	Cash at bank	10,000	8,000
Provision for taxation	40,000	50,000	Cash in hand	15,000	10,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

1. Depreciation of Rs. 10,000 and Rs. 20,000 has been charged on plant and land and buildings respectively in 1995.
2. In interim dividend of Rs. 20,000 has been paid in 1995.
3. Income tax of Rs. 35,000 has been paid during the year.

21. Prepare the balance sheet from the following ratios.

Current ratio	-	2.5
Total Assets/ Net worth	-	3.5
Sales / Fixed assets	-	6
Sales / current assets	-	8
Sales / Inventory	-	15
Sales / Debtors	-	18
Annual sales	-	25,00,000

22. Prepare flexible budget for the overheads on the basis of the following data. Ascertain the overheads rates at 50%, 60% and 70% capacity.

	At 60% capacity Rs.
Variable overheads:	
Indirect material	6,000
Indirect labour	18,000
Semi-variable overheads:	
Electricity (40% fixed and 60% variable)	30,000
Repairs (80% fixed and 20% variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads 9	3,000
Estimated direct labour	1,86,000

23. The following are obtained from the records of a factory:

Sales (4,000 units @ Rs.25 each)	1,00,000
Variable cost	72,000
Fixed cost	16,800

Calculate:

- P/V Ratio
- Break-even sales
- Margin of safety
- What additional units should be sold to obtain the same amount of profit if the selling price is reduced to Rs.20