

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

**(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.**

**B.Com.(Hons) - END SEMESTER EXAMINATIONS APRIL - 2022
SEMESTER - VI**

14UBHCT6A25 & UBH/CT/6A27 - Accounting For Decision Making

Total Duration : 3 Hrs.

Total Marks : 60

Section A

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Explain the scope and functions of Management accounting.
2. Write short notes on : (a) CVP Analysis (b) Absorption costing.
3. Following are the ratios relating to the Trading activities of ABC Ltd.
Receivables turnover 3 months
Gross profit to sales 25%
Gross profit for the year ending 31- 12-2021 amounted to Rs.4,00,000.
Bills receivable amount to Rs.25,000.
Calculate : (a) Sales (b)Sundry debtors
4. From the following details, ascertain 'Funds From Operations'.

Particulars	2020	2021
	(Rs.)	(Rs.)
P&L A/c Closing balance	50,000	60,000
General Reserve	30,000	40,000
Goodwill	20,000	12,000
Preliminary expenses	6,000	4,000
Depreciation provision (accumulated)	25,000	40,000
Income from non trading investments	—	20,000

Preference shares of the face value of Rs.1,00,000 were redeemed during the year at a premium of 10%.The premium on redemption was charged to the Profit and Loss A/c.

5. From the following information, Calculate
 - a. Break – even point.
 - b. Number of units that must be sold to earn a profit of Rs.60,000 per year.
 - c. Number of units that must be sold to earn a net income of 10% on sales
Sales price per unit – Rs.20; Variable cost per unit – Rs.14
Fixed cost – Rs.79,200.

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6. From the data given , compute material (a)Cost (b)Price (c)Usage variances.

Standard :

Material for 80kg of finished product – 100 kg to be used ;

Std. price per kg – Rs.0.80

Actuals :

Finished goods produced – 1,65,000 kg

Materials used – 2,00,000 kg

Actual cost – Rs.1,70,000

7. From the details given below prepare a common size income statement of X Ltd.

	Year ended 31.12.2019	Year ended 31.12.2020
	(Rs.)	(Rs.)
Sales	20,000	50,000
Cost of sales	10,000	22,000
Operating expenses	2,000	3,000
Non operating expenses	3,000	3,500

8. Neolin Ltd. Plans to sell 2,00,000 units of a certain product line in the first fiscal quarter, 2,30,000 units in the second quarter, 2,50,000 units in the third quarter, 2,80,000 units in the fourth quarter and 2,60,000 units in the fifth quarter. At the beginning of the first quarter of the current year, there are 20,000 units of the product in stock. At the end of each quarter, the company plans to have an inventory equal to one-fifth of the sales for the next fiscal quarter. How many units must be manufactured in each quarter of the current year?

Section B

Part A

Answer any **TWO** questions (2 × 10 = 20 Marks)

9. The comparative Balance Sheet of Thiru Raj Sekhar for the two years was as follows:

	2016	2017		2016	2017
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Liabilities			Assets		
Loan from wife	-	20,000	Cash	11,000	15,000
Bills Payable	12,000	8,000	Debtors	40,000	35,000
Creditors	25,000	52,000	Stock	25,000	30,000
Bank overdraft	43,000	60,000	Machinery	20,000	14,000
Capital	66,000	34,000	Buildings	50,000	80,000
	1,46,000	1,74,000		1,46,000	1,74,000

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Additional Information :

- (i) Net loss for the year amounted to Rs.13,000
 - (ii) During the year a machine costing Rs.5,000 (accumulated depreciation Rs.2,000) was sold for Rs.2,500.
- The provision for depreciation against machinery as on 31-12-16 was Rs.6,000 and on 31-12-17 Rs.7,000. Prepare Cash Flow Statement as per AS 3.

10. A, B and C are three similar plants under the same management who want them to be merged for better operation. The details are as under

Plant capacity Operated	A 100% (Rs. in lakhs)	B 70% (Rs. in lakhs)	C 50% (Rs. in lakhs)
Turnover	300	280	150
Variable cost	200	210	75
Fixed cost	70	50	62

Find out:

- (i) The capacity of the merged plant for break even.
 - (ii) The profit at 75% capacity of the merged plant.
 - (iii) The turnover from the merged plant to give a profit of Rs.28lakhs
11. From the following information make out a statement of proprietors funds with as many details as possible:
- (a) Current ratio-2.5
 - (b) Liquidity ratio-1.5
 - (c) Proprietary ratio (fixed assets/proprietary fund)-0.75
 - (d) Working capital Rs.60,000
 - (e) Reserves and surplus Rs.40,000
 - (f) Bank Overdraft Rs.10,000
 - (g) There is no long-term loan or fictitious asset.
12. From the following particulars
- Calculate (a) Material price variance
 - (b) Material usage variance and
 - (c) Material cost variance
- Material purchased - 3,000 kgs at Rs.6 per kg.
Standard quantity of material fixed for one unit of finished product - 25 kgs at Rs.4 per kg.
Opening stock of material - Nil
Closing stock of material - 500 kgs.
Actual output during the period - 80 units

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Part B

Compulsory question (1 × 10 = 10 Marks)

13. From the following informations of united automobile ltd . manufacturing spare parts :

Direct materials(per unit)

X Rs.8

Y Rs.6

Direct wages

X 24 hours @25ps per hour

Y 16 hours @25ps per hour

Variable overheads 150%of direct wages

Fixed overheads (total) Rs.750

Selling price

X Rs.25

Y Rs.20

The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mixes in the budget for the next period . (a) 250 units of X and 250 units of Y (b) 400 units of Y only (c) 400 units of X and 100 units of Y (d) 150 units of X and 350 units of Y. State which of the alternative sales mixes you would recommend to the management.
