

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.

M.Com. - END SEMESTER EXAMINATIONS APRIL - 2024

SEMESTER - II

23PCOCT2005 - Accounting for Decision Making

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. From the following details, prepare statement of proprietary funds with as many details as possible.

Stock Velocity	6
Fixed assets turn over ratio	4
Capital Turn over ratio	2
Gross profit	20%
Debt collection period	2 Months
Creditors Payment Period	73 days

The gross profit was Rs.60,000. Reserves and surplus amount to Rs.20,000. Closing stock was Rs.5,000 in excess of opening stock.

2. A joint process results in the production of three products A, B and C at a total cost of Rs.26,250. The subsequent costs of these products were Rs.8,000; Rs.10,000 and Rs.12,000 respectively. They were sold as follows with estimated profit on sales:

Product A: Rs.20,000; Profit 20%

Product B: Rs.28,000; Profit 25%

Product C: Rs.40,000; Profit 30%

Show the apportionment of joint costs among the above products on the basis of net realizable value.

3. Write short notes on (a) CVP Analysis (b) ABC Costing.
4. The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 1978.

Material used	1,50,000
Direct wages	1,20,000
Factory overheads	30,000
Administrative expenses	15,000

Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1,250 and expenditure in productive wages Rs.750, so that the price might yield a profit of 20% on the selling price.

5. Distinguish between Financial accounting and Management accounting.
6. Explain the tools for financial statement analysis.
7. 100 units are introduced into process I at cost of Rs.9,600 and an expenditure of Rs.4,800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs.10 per unit. The actual output of Process I is 90 units, transferred to Process II. Prepare Process I Account

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8. The following information relates to a company for two years:

Calculate a) P/V Ratio

b) Fixed cost

c) BEP Sales and

d) Sales required to earn a profit of Rs.5,000.

Year	2021	2022
Sales (Rs.)	38,000	65,000
Loss (Rs.)	2,400	-
Profit (Rs.)	-	3,000

Section C

I - Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. An analysis of Tiptop Manufacturing Co. Ltd., Led to the following information

Cost elements	Variable cost (% of sales)	Fixed cost
Direct material	32.8	
Direct labour	28.4	
Factory overheads	12.6	1,89,900
Distribution overheads	4.1	58.4
Administrative overheads	1.1	66,700

Budgeted sales are Rs.18,50,000. You are required to determine

- the break-even sales volume
- the profit at the budgeted sales volume
- the profit if actual sales
 - drop by 10%
 - Increase by 5% from budgeted sales.

10. The product of a manufacturing concern passes through three processes. In March, 1995, the cost of production was as given below :

	Process A	Process B	Process C
Raw materials used (tons)	200	71	164
	Rs.	Rs.	Rs.
Cost per ton	100	300	50
Direct Wages	8,000	3,490	2,850
Overheads	2,520	2,400	3,820
Sale of scrap per ton	80	60	120

The product of the three processes is dealt with as follows :

Sent to warehouse for sale A – 25% B – 50% C – 100%

Sent to next process A – 75% B – 50% —

In each process, 6% of total weight is lost and 8% is scrap.

Prepare process cost accounts.

11. Explain the advantages and limitations of management accounting.

12. From the following information, prepare a Balance sheet of Arun Ltd.

Current ratio	2.5
Liquidity ratio	1.5
Net working capital	Rs.1,00,000
Stock turnover ratio (cost of sales/closing stock)	6 times
Gross profit ratio	25%
Debt collection period	3 months
Fixed assets turnover ratio (on cost of sales)	3 times
Fixed assets to share holders net worth	0.80
Reserves and surplus to capital	0.25

II - Compulsory question (1 × 10 = 10 Marks)

13. Explain the various classifications of costs.
