

## VIVEKANANDHA COLLOEGE FOR WOMEN, UNJANAI

## DEPARTMENT OF COMMERCE

ACCOUNTING FOR MANAGERIAL DECISIONS

## I M.Com CA - First Semester

Time : 3 Hrs

Marks :75

**PART-A****Answer the following questions (5x5=25)**

1.a) Define Management Accounting. What are its objectives?

(or)

b) What are the advantages of Management Accounting?

2. a) From the following profit and loss a/c X ltd prepare comparative Income Statement.

Particulars	Rs. in Lakhs		Particulars	Rs. in Lakhs	
	2008	2009		2008	2009
To cost of goods sold	500	640	By Sales	700	900
To operating expenses					
Administration	20	20			
Selling Expenses	30	40			
To Net Profit	150	200			
	700	900		700	900

(or)

b) The following is the trading a/c of Mr.Senthil. Calculate stock turnover ratio?

Particulars	Rs.	Particulars	Rs.
To Opening Stock	15920	By Sales	78000
To Purchase	39000	By Closing Stock	14400
To Carriage	1000		
To Gross Profit	36480		
	92400		92400

3 a) From the following information relating to Y ltd. Calculate funds lost in operations.

Rs.

Net loss for the year	90000
Dividend received	7000
Depreciation charged	10000
Profit on sale of asset	5000
Refund of tax	2000

(or)

- b) After taking into account the under mentioned items z ltd. Made a net profit of rupees 100000 for the year ended 31.Dec.2010.

Rs

Loss on sale of Machinery	10000
Depreciation on Building	4000
Depreciation on Machinery	5000
Provision for taxation	5000
Preliminary expenses written off	10000
Good will written off	5000
Gain on sales of buildings	8000

Find out cash from operation

- 4 a) From the following particulars prepare a production budget of a company for the year ended june 2010.

Product	Sales (Units)	Estimated Stock (Units)	
	(As per sales budget)	1 July 2009	30 June 2010
A	150000	14000	15000
B	100000	5000	14500
C	70000	8000	8000

(Or)

- b) The following are the cash inflows and cash outflows of the certain project.

Year	Outflows Rs.	Inflows Rs.
0	150000	
1	30000	30000
2		30000
3		50000
4		60000
5		40000

The salvage value at the end of the 5 years is rs.40000. Taking the cut off rate as 10%. Calculate the net present value.

Year	1	2	3	4	5
PV factor @ 10%	0.909	0.826	0.751	0.683	0.621

- 5 a) From the following you are required to calculate:

- (i) Material Cost Variance
- (ii) Material Usage Variance.

Quantity of material purchased 3000 units. Value of material purchased Rs.9000; Standard quantity of material required for one tone of finished product 25 units. Standard rate of material Rs.2 per unit. Opening stock of

material -- Nil , Closing stock of material 500 units, finished production during the period 80 tonnes.  
(Or)

b) Kavitha industries furnish the following data:

	Budget	Actual (Aug 2000)
No of working days	25	27
Production in units	20000	22000
Fixed overheads	30000	31000

Budgeted fixed overhead rate is Re. 1 per hour. In august 2000, the actual hours worked were 31500.  
Calculate overhead cost variance and overhead volume variance.

### PART-B

(5x10=50)

#### Answer the following questions

- 6 a) Explain the function of the Management Accounting? (or)  
b) Distinguish between Management accounting and Financial accounting?
- 7 a) From the following particulars prepare the Balance sheet of X ltd. Which has only one class of share capital
- (i) Sales for the year 20,00,000
  - (ii) Gross profit ratio 25%
  - (iii) Current ratio 1.5%
  - (iv) Quick assets (cash and debtors) ratio 1.25
  - (v) Stock turnover ratio 15
  - (vi) Debt collection period one and half months
  - (vii) Ratio of reserves to share capital 0.33
  - (viii) Fixed asset net worth 0.83
- ( The term “ turn over” refers to cost of sales and term “ stock “ to closing stock) (Or)

b) From the following information, prepare balance sheet

- (i) Working capital Rs.75000
- (ii) Reserves and surplus Rs.1,00,000
- (iii) Bank overdraft RS.60,000
- (iv) Current ratio 1.75
- (v) Liquid ratio 1.15
- (vi) Fixed assets to proprietors fund 0.75
- (vii) Long term liabilities Nil

8 a) From the summarized balance sheet of M Ltd. Prepare a cash flow statement for the year ended 31.3.2010

31<sup>st</sup> .March .

Liabilities	2008	2009	Assets	2008	2009
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Share capital	10000	10000	Goodwill	1200	1200
General Reserve	1400	1800	Land	4000	3600
P & L A/C	1600	1300	Building	3700	3600
Crs.	800	600	Investment	1000	1100
O/St. Expenses	120	100	Inventories	3000	2400
Provision for Tax	1600	1800	B/R	2000	2300
Provision for doubtful debts	80	100	Bank	700	1500
	15600	15700		15600	15700

#### Additional Information

- (i) A piece of land has been sold for rupees 400
- (ii) Depreciation of Rs.700 has been charged on building.
- (iii) Provision for taxation Rs.2000 has been made during the year.

(or)

b) From the following balance sheets of A ltd on 31<sup>st</sup> Dec 2005 -06 . You are required to prepare fund flows statement.

Liabilities	2005	2006	Assets	2005	2006
Share capital	100000	100000	Goodwill	12000	12000
G. Reserve	14000	18000	L & B	40000	36000
P & L	16000	13000	Plant	37000	36000
Crs.	8000	5400	Investment	10000	11000
B/P	1200	800	Inventories	30000	23400
Provision for Tax	16000	18000	B/R	2000	3200
Provision for doubtful debts	400	600	Bank	6600	15200
			Drs.	18000	19000
	155600	155800		155600	155800

#### Additional Information

- 1 Depreciation charged on plant Rs.4000 and on Building Rs.4000
- 2 Provision for taxation of Rs,19000 was made during 2006
- 3 Interim dividend of Rs.8000 was paid during 2006.

9. (a) The expenses for budgeted production of 10000 units in a factory are furnished below.

Per unit (Rs)

Material	70
Labour	25
Variable overheads	20

Fixed overheads ( Rs.100000)	10
Variable expenses (Direct)	5
Selling Expenses (10% fixed)	13
Distribution expenses (20% fixed)	2
Administration expenses	5
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Total cost per unit	155
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Prepare a budget for production of

1. 8000 units
2. 6000 units
3. Indicate cost per unit at both levels.

Assume that administration expenses are fixed for all level of production .

(or)

(b) BPL ltd wishes to arrange overdraft facilities with its bankers during the period April to June 2006 when it will be manufacturing mostly for stock. Prepare a cash budget for the above period from the following data,

	Standard	Actual
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indicating the extend of the bank facilities a company will require at

end of the each month.

	Credit sales	Purchases(Rs)	Wages(Rs)
February 2006	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

- (2) 50 % of credit sales are realized in the month of following sales and the remaining 50 % of in the second month following.

Creditor are paid in the month following the month of purchase.

- (3) Cash at Bank on 1.4.2006 (estimated) Rs.25000.

10 (a) From the following information compute material variance :

	Quantity (Kilos)	Unit (Price in Rs.)	Total Rs.	Quantity (Kilos)	Unit (Price in Rs.)	Total Rs.
Material A	10	2	20	5	3	15
Material B	20	3	60	10	6	60
Material C	20	6	120	15	5	75
Total	50	4	200	30	5	150

(or)

- b) The information regarding the composition and hourly wage rates of labour force engaged on a job scheduled to be completed in 30 hrs are as follows.

Category of workers	Standard no. of workers	Hourly wage per worker	Actual; no. of worker	Hourly wage rate per worker
Skilled	75	Rs.6	70	Rs. 7
Semi Skilled	45	Rs.4	30	Rs. 5
Un-Skilled	60	Rs.3	80	Rs. 2

The work was completed in 32 hours calculated labour variances.

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