

73633

**Third Semester M.Com. Degree Examination, December 2017
COMMERCE**

HC 3.3 : Accounting for Managerial Decisions (New)

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any ten** sub-questions. **Each** sub-question carries **two** marks. **(10x2=20)**

1. a) Define Financial Statement Analysis.
- b) Name any four functions of Management Accounting.
- c) Differentiate manufacturing concerns and trading concerns.
- d) What do mean by Capital Employed ? What is the formula to calculate Proprietors' Capital Employed ?
- e) What is the difference between fund flow statement and cash flow statement ?
- f) How do you treat provision for taxation and proposed dividend in Fund Flow Statement ?
- g) What is Differential Costing ?
- h) List out any two objectives of Budgetary Control.
- i) Differentiate between Fixed Budget and Flexible Budget.
- j) Define Standard Costing.
- k) Turnover to Fixed Assets Ratio is 1 : 1.5, value of goods sold is Rs. 5,00,000. Compute the value of fixed assets.
- l) What is make or buy decision ?

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks. **(4x5=20)**

2. Explain the objectives of Financial Statement Analysis.
3. Explain the classification of cash flows in Cash Flow Statement.

P.T.O.



4. Discuss briefly the reasons for difference in profit under Marginal Costing and Absorption Costing.
5. A manufacturing concern which has adopted standard costing furnishes the following information.

Standard material for 70 kg finished products 100 kg

Standard price of material Re. 1 per kg

Actual output 2,10,000 kg

Actual material used Rs. 2, 80,000

Actual cost of materials Rs. 2,52,000.

Calculate :

- a) Material Usage Variance
 - b) Material Price Variance
 - c) Material Cost Variance.
6. During the year 2016, Sriram Ltd., earned a profit of Rs. 1,50,000 after adjusting the following.

	Rs.
Salaries	9,000
Provision for bad debts	2,000
Depreciation written off	16,000
Profit on sale of fixed assets	15,000
Discount on Debenture	25,000
Loss on sale of Investments	3,000



Preliminary expenses written off	10,000
Proposed Dividend	60,000
Transfer to Debenture redemption fund	25,000
Dividend received	5,000

Calculate Funds from Operations.

7. A factory currency working at 50% capacity and produces 10,000 units at a cost of Rs. 180 per unit as detailed below.

Particulars	Per Unit
Materials	100
Labour	30
Factory overhead	30 (Rs. 12 fixed)
Administration overhead	20 (Rs. 10 fixed)
Total	180

The current selling price is Rs. 200 per unit, at 60% working, material cost per unit increases by 2% and selling price per unit falls by 2% and at 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%. Estimate profits of the factory at 60% and 80% working and offer your comments.

SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks. **(10x3=30)**

- Differentiate between Management Accounting and Financial Accounting.
- Elucidate the types of Budgets.
- Analyse the advantages of standard costing and analyse the types variances.



73633

-4-

11. Rs. Ltd., is engaged in 3 distinct lines of production, their production cost per unit and selling price are as under.

Particulars	A	B	C
Production (in Units)	3,000	2,000	5,000
Material Cost (in Rs.)	18	26	30
Wages	7	9	10
Variable overhead	2	3	3
Fixed overhead	5	8	9
Total cost	32	46	52
Selling Price	40	60	61
Profit	8	14	9

The management wants to discontinue one line and gives you the assurance that production in 2 other lines shall rise by 50%. They intend to discontinue the line which produces article A as it is less profitable.

- a) Do you agree to the scheme in principle ? If so, do you think that the line which produces A should be discontinued ?
- b) Offer your comments and show the necessary workings to support your answer.
12. From the following information prepare a summarised Balance Sheet as on 31st March 2016. Your working should form part of your answer.

Working Capital	1,20,000
Reserves and Surplus	80,000
Bank Over Draft	20,000
Fixed Assets to Proprietary ratio	0.75
Current ratio	2.5
Liquid ratio	1.5