

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 2025  
SEMESTER - II  
**23PCOCT2005 - Accounting for Decision Making**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

**Section B**

Answer any **SIX** questions (6 × 5 = 30 Marks)

- Name the key financial statements used in financial accounting and describe their purpose.
- From the data given below, obtained from the books of M/s MM & Co., for the year ended 31.12.2010, Compute (1) Consolidated completed jobs account showing the profit or loss; and (2) Consolidated work in progress account.

	Completed jobs (₹.)	Work-in-progress (₹.)
Raw material supplied from stores	9,000	3,000
Chargeable expenses	1,000	400
Wages	10,000	4,000
Material transferred to work-in-progress	200	200
Material returned to stores	100	-

Factory overhead is 80% of wages and office overhead 25% of factory cost.  
The value of executed jobs during 2010 was Rs.41,000.

- The following figures are extracted from the books of Sunny Electrical Ltd., for the years ended 31.3.2020 and 2021, whose capacity is 10,000 lamps per annum:  
Direct Material - ₹35-Per Unit    Fixed Overhead - ₹20-Per Unit  
Direct Labour - ₹5-Per Unit    Selling Price - ₹80-Per Unit  
Production in 2020 was 10,000 units and in 2021 also it was 10,000 units. Sale was 8,000 units in 2020 and 12,000 units in 2021.  
Prepare income statements assuming that the company uses:  
(a) Absorption Costing (b) Marginal Costing
- The cost of an article at a capacity level of 10,000 units is given under A below. For a variation in capacity above or below this level, the individual expenses vary as indicated in B below:

Particulars	A (₹.)	B (₹.)
Materials	50,000	100% Varying
Labour	30,000	100% Varying
Power	3,000	80% Varying
Repair and Maintenance	3,500	80% Varying
Stores	2,000	100% Varying
Inspection	800	25% Varying
Depreciation	10,000	100% Varying
Administration Overhead	3,600	25% Varying
Selling Overhead	4,500	50% Varying
Total	1,07,400	
Cost per unit	10.74	

You are required to prepare a flexible budget at production levels of 8,000 and 12,000 units.

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5. The following information is given about M/s. S.P. Ltd. for the year ending March 31, 2021:

- (i) Inventory turnover ratio= 6 times
- (ii) Gross profit ratio= 20% on sales or (revenue)
- (iii) Revenue (Sales) for the year ended 31-3-2021= 3,00,000
- (iv) Closing inventory is 10,000 more than the opening inventory
- (v) Opening trade payables= 20,000
- (vi) Closing trade payables= 30,000
- (vii) Trade receivables at the end= 60,000
- (viii) Net working capital= \*50,000

Find out:

- (a) Average Inventory
- (b) Purchases
- (c) Payables Turnover Ratio
- (d) Average Payment Period
- (e) Average Collection Period
- (f) Working Capital Turnover Ratio.

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6. Suman industries produces a product which passes through two processes I and II and then to finished stock. It is ascertained that in each process 5% of the total weight put in is lost and 10% is scrap which realises Rs.5 per ton and Rs.15 per ton respectively in processes 1 & II. The following details are available.

	Process- I	Process- II
Materials consumed in tons	2,000	140
Cost of materials per ton Rs.	200	300
Wages Rs.	20,000	15,000
Manufacturing expenses Rs.	6,000	5,000

Prepare process accounts showing the cost of the output of each process and cost per ton.

7. From the following data, you are required to Compute break even point and net sales value at this point.

Direct material cost per unit	Rs.25
Direct labour cost per unit	Rs.5
Fixed overhead	Rs. 50,000
Variable overheads & 60% on direct labour	
Selling price per unit	Rs.25
Trade discount	4%

If sales are 10% and 25% above the break even volume, determine the net profits.

8. The standard materials required for producing 100 units is 120 kgs. A standard price of 0.50 paise per kg is fixed and 2,40,000 units were produced during the period. Actual materials purchased were 3,00,000 kgs. at a cost of ₹1,65,000. Determine the Material Variance.

### Section C

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

9. Apply management accounting techniques to show how they contribute to strategic decision-making in an organization. Use examples like budgeting, variance analysis, or break-even analysis to relate these techniques to real business decisions.

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10. The Balance Sheet of OP Ltd., as at 31<sup>st</sup> March 2024 is as follows:

Particulars	31.03.2024	31.03.2023
<b>I. Equity &amp; Liabilities</b>		
Shareholders' Funds:		
Share Capital	20,00,000	20,00,000
Reserves and Surplus:		
General Reserve	4,50,000	4,00,000
Statement of Profit & Loss	7,20,000	5,50,000
Non- Current Liabilities:		
10% Debentures	8,00,000	10,00,000
Bank Loan	6,00,000	5,00,000
Current Liabilities:		
Trade Payables (Creditors)	5,80,000	4,00,000
Outstanding Expenses	25,000	20,000
Provisions for Taxation	1,20,00	1,00,000
<b>Total</b>	<b>52,95,000</b>	<b>49,70,000</b>
<b>II. Assets</b>		
Non-Current Assets:		
Land & Building	14,00,000	15,00,000
Plant & Machinery	17,50,000	18,00,000
Trade Investments	3,72,000	4,00,000
Current Assets:		
Inventories (Stock)	8,50,000	4,80,000
Trade Receivables (Drs)	7,98,000	6,00,000
Prepaid Expenses	40,000	50,000
Cash & Bank	85,000	1,40,000
<b>Total</b>	<b>52,95,000</b>	<b>49,70,000</b>

Additional Information:

- (i) New machinery for Rs.3,00,000 was purchased but an old machinery costing Rs.1,45,000 was sold for Rs.50,000 and accumulated depreciation thereon was Rs.75,000.
- (ii) 10% Debentures were redeemed at 20% premium.
- (iii) Investment were sold for Rs.45,000 and its profit was transferred to general reserve.
- (iv) Income tax paid during the year 2023-24 was Rs.80,000.
- (v) An Interim Dividend of Rs.1,20,000 has been paid during the year 2023-24.

You are required to prepare the Schedule of Changes in Working Capital and Fund Flow Statement.

11. The following details are taken from the books of an oil mill for one month ended 31.03.2014.

Purchase of 100 tonnes of oilseeds at Rs.1,000 per tonne.

	Crushing (Rs.)	Refining (Rs.)	Finishing (Rs.)
Wages	1,000	700	900
Sundry Debtors	200	600	100
Electricity	400	350	200
Steam	300	250	200
Factory Expenses	500	400	300
Containers			2,350

60 tonnes of crude oil were produced.

51 tonnes of oil were produced in the refining process.

50 tonnes of refined oil were furnished for delivery.

Empty bags of oil seeds were sold for Rs.100.

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35 tonnes of oil cake were sold at Rs.60 per tonne.

Loss in weight in crushing 5 tonnes.

8.5 tonnes by-products from refinery process were valued at Rs.2,550.

Make out account in respect of each process and Determine the cost of the product per tonne at the end of each process.

12. The following data are available from the records of a company:

Sales- ₹.60,000, Variable Cost- ₹.30,000, Fixed Cost- ₹.15,000

You are required to:

- Assess the P/V Ratio, Break-Even Point and Margin of Safety at this level.
- Assess the effect of 10% increase in sale price.
- Assess the effect of 10% decrease in sale price.

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

13. From the following budget data, forecast the cash position at the end of April, May and June 2021:

Month	Sales (₹.)	Purchase (₹.)	Wages (₹.)	Miscellaneous (₹.)
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Additional Information:

Sales: 20% realised in the month of sales, discount allowed 2%. Balance realised equally in two subsequent months.

Purchases: These are paid in the month following the month of supply.

Wages: 25% paid in arrears following month.

Miscellaneous expenses: Paid a month in arrears.

Rent: 1,000 per month paid quarterly in advance due in April.

Income-tax: First instalment of advance tax ₹25,000 due on or before 15th June.

Income from investments: 5,000 received quarterly, in April, July, etc.

Cash in hand: 5,000 on 1<sup>st</sup> April, 2021.

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