

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2022 ONLY)

23 PIB 102

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: NOVEMBER-2023

M.COM -IB

MAXIMUM MARKS: 75

SEMESTER: I

TIME: 3 HOURS

PART-III

23 PIB 102- ACCOUNTING FOR DECISION MAKING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. The financial accounting data is primarily meant for
a) External users b) Internal users c) Employees d) Bank
2. Cost accounting is based on ____ figures.
a) Historical b) Estimated c) Actual d) Fixed
3. Which one of following is not a financial budget?
a) Cash budget b) Capital budget c) Sales budget d) Zero base budget
4. Management accounting begins where ____ accounting ends.
a) Financial b) Management c) Cost d) Human resource
5. Cash flow statement is prepared by taking the ____ balance of cash.
a) Weekly b) Monthly c) Closing d) Opening

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define financial accounting.
7. Recite any two advantages of cost accounting.
8. What are the main functions of budgetary control?
9. What is mean by break even analysis?
10. State an example for cash flow statement.

SECTION – B

(5 X 4= 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) List the objectives of financial accounting.

(OR)

- b) Examine the advantages of financial accounting.

12. a) From the following particulars prepare a cost sheet:

Particulars	Rs.
Direct material consumed	10,000
Labour	5,000
Direct expenses	5,000
Factory overheads 10% of prime cost	

(OR)

- b) Compute the amount of selling and distribution overhead:

Particulars	Rs.
Bad debts written off	10,000
Provision for doubtful debts	12,000
Advertising	81,000
Selling expenses	12,000
Salesman salaries	23,000
Office salaries	31,000

13. a) Prepare a production budget for three months ending March 31, 2022 for a factory producing four products, on the basis of following information:

Type of product	Estimated stock on January 1, 2022 UNITS	Estimated sales during January – March, 2022 UNITS	Desired closing stock March 31, 2022 UNITS
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

(OR)

- b) Prepare a production budget for Alice Ltd. from the following data:

Products	Stock on 1.1.16	Stock on 31.12.16	Estimated sales during the year	Normal loss in production
X	10,000 Units	14,000 Units	1,40,000	5%
Y	12,000 Units	10,000 Units	1,20,000	4%
Z	8,000 Units	14,000 Units	1,60,000	6%

14. a) Assume that as an investor, you are planning to enter the construction industry as a panel formwork supplier:
The potential number of forthcoming projects, you forecasted that within two years, your fixed cost for producing formworks is Rs. 300,000. The variable unit cost for making one panel is Rs. 15. The sale price for each panel will be Rs. 25. If you charge Rs. 25 for each panel, how many panels you need to sell in total, in order to start making money?

(OR)

- b) A manufacturing company supplies its products to construction job sites. The average monthly fixed cost per site is Rs. 4,500, while each unit cost Rs. 35 to produce and selling price is Rs. 50 per unit. Determine the monthly break-even volume.

15. a) Distinguish between cash flow and fund flow.

(OR)

- b) Describe the uses of fund flow statement.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4) OR (K5)

16. a) Evaluate the functions and limitations of financial accounting.

(OR)

b) Discuss the classification of financial accounting.

17. a) The accounts of Vasudev Manufactures Ltd. for the year ended 31st December 2022 show the following.

Particulars	Amount (in Rs.)
Stock of material on 1.1.2022	6,720
Materials purchased	1,50,000
Materials returned to suppliers	2,000
Direct labour	50,000
Direct expenses	20,000
Factory expenses	15,300
Office & administrative expenses	8,000
Selling & distribution expenses	7,900
Stock of materials on 31.12.2022	7,720
Profit	10,000

Prepare the statement of cost sheet.

(OR)

b) The following information has been obtained from the cost records of Arjun Ltd.

Particulars	Amount (in Rs.)
Stock of raw materials on 1 st Dec 2022	75,000
Stock of raw materials on 31 st Dec 2022	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work in progress 1 st Dec 2022	28,000
Work in progress 31 st Dec 2022	35,000
Purchase of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Travellers wages and commission	6,500
Stock of finished goods (1 st Dec 2022)	54,000
Stock of finished goods (31 st Dec 2022)	31,000

Prepare a cost sheet giving the maximum possible breakup of costs and profit.

18. a) Prepare a Cash Budget for the month of July, August and September 2022.

Month	Sales	Purchase	Wages	Expenses
April	40,000	22,500	10,000	2,500
May	40,000	20,000	9,000	3,000
June	37,500	21,000	11,000	3,000
July	45,000	25,000	12,000	3,500
August	42,500	22,500	10,000	3,000
September	40,000	17,500	9,000	2,500

- i) On July 01, cash balances are taken Rs.7500/-.
- ii) Credit purchases are settled after one month. Cash Purchases are 10% of the Total Purchases.
- iii) Cash sales are 20% of the Total Sales. The Collection period is of 15 days in a month..
- iv) The monthly expenses include Rent of Rs. 250/-.
- v) Payment of Wages every 15 days.

(OR)

- b) Prepare a production budget for the six months ending 30 June 2019.

	Units 40,000 (Budgeted)	Units 50,000 (Actual)
Material Consumed 45,000 units	135,000	55000 units = 190,000
Wages at 3 hrs. per unit at Rs. 1.5 per hr.	180,000	245,000
Variable Overhead at Rs. 2 PU	80,000	125,000
Variable Overhead at Rs. 2 PU	75,000	100,000
Total	470,000	660,000

- i) Production is expected to increase to 60,000 units
 - ii) The prices of materials are expected to increase further in the same manner as they had increased over the budgeted price.
 - iii) Labor charges are expected to increase by 50 pairs per hour above the actual rate shown above.
 - iv) Efficiency is expected to decline by 20%
 - v) Fixed overheads are expected to increase by 10%
19. a) A store sells t-shirts. The average selling price is Rs. 15 and the average variable cost (cost price) is Rs. 9. Thus, every time the store sells a shirt it has Rs. 6 remaining after it pays the manufacturer. This Rs. 6 is referred to as the unit contribution.
- i) Suppose the fixed costs of operating the store (its operating expenses) are Rs. 100,000 per year. Find Break-even in units?
 - ii) If the owner desired a profit of Rs. 25,000, what will be break-even point in Rupees?

(OR)

- b) From the following particulars, calculate:
- i) Break-even point in terms of sales value and in units.
 - ii) Number of units that must be sold to earn a profit of Rs. 90,000.

Particulars	Rs.
Fixed factory overheads cost	60,000
Fixed selling overheads cost	12,000
Variable manufacturing cost per unit	12
Variable selling cost per unit	3
Selling price per unit	24

20. a) Discuss the objectives and limitations of cash flow statement.

(OR)

- b) Explain the advantages and disadvantage fund flow statement.
