



PJ-509

100745

III Semester M.Com. Examination, January - 2020

(CBCS Scheme)

COMMERCE

Paper - 3.3AT : Accounting for Managerial Decision

Time : 3 Hours

Max. Marks : 70

SECTION - A

Answer **any seven** of the following sub-questions. Each sub-question carries **2** marks. **7x2=14**

1. (a) What is decision making ?
- (b) What is margin of safety ?
- (c) Write any 4 solutions for controlling the key factor.
- (d) What are the benefits of responsibility accounting ?
- (e) Give the meaning of sunk costs.
- (f) Differentiate contribution and profit.
- (g) What is ZBB ?
- (h) Give the meaning of interfirm comparison.
- (i) Differentiate ROI and RI.
- (j) State the steps in interfirm comparison.

SECTION - B

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

2. Differentiate absorption costing and marginal costing.
3. Elaborate, 'Planning, Programming Budgeting System (PPBS)'.
4. Explain the methods for measuring divisional performance.
5. LG Ltd. has employed 15 lakhs and earned an annual profit (after Depreciation) of ₹ 2,00,000. The divisional manager is considering an investment of ₹ 2,50,000 in an asset which will have eight year life with no residual value and will earn a constant annual profit after Depreciation ₹ 24,000.
The cost of capital is 15%. Ignore taxation
You are required to work out :
 - (a) The return on divisional investment and Divisional Residual income before and after the investment.
 - (b) The Net Present Value (NPV) of new investment. (PV factor of an annuity of Re 1 for 8 years at 15% is 4.4873).

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6. Kiran products limited is selling three brands of its product in the brand name X, Y and Z the details regarding unit cost and selling price are as under :

Particulars	X	Y	Z
Direct materials	6	12	16
Direct labour	8	8	20
Variable overhead	6	20	14
Selling price	36	50	96

The monthly fixed expenditure is ₹ 5,40,000. Sales volume for the month of July and August of 2019 are as follows :

Month	X	Y	Z
July	20,000	20,000	20,000
August	40,000	26,000	10,000

Find out the monthly profit and if your computation brings out that higher profit was earned in the month having lower sales volume kindly justify the finding with reasons.

7. Explain the advantages of uniform costing.

SECTION - C

Answer **any three** questions. Each question carries **twelve** marks. **3x12=36**

8. Explain the decision making process with suitable examples of an organisation.
9. Write a note on application of methods for measuring divisional performance.
10. Venkatesh product company recovers its fixed factory overheads of ₹ 80,000 on the basis of normal output of 1,60,000 units. The actual fixed overheads are same as budget fixed overheads.

The management accountant presented, the following statement of profit for 3 years on the absorption costing basis :

Particulars	2017	2018	2019
Production (units)	176000	192000	128000
Sales (units)	160000	128000	160000
	₹	₹	₹
Cost of sales at standard	384000	307200	384000
Production cost variance	1760 A	1920 A	1280 A
Volume variance	8000F	16000F	16000A
Sales	480000	384000	480000
Selling and administration cost (fixed)	48000	48000	48000
Closing stock	38400	192000	115200
Profit	54240	42880	30720

(A = Adverse, F = Favourable)



Required :

- (i) Redraft the statement of marginal costing basis to show the closing stocks, contribution and profit.
 - (ii) Prepare a statement reconciling the profit arrived at by you with the profits given above.
11. What is master budget ? Explain the steps of preparing master budget and contents of master budget.
 12. Discuss the concept, 'uniform costing' in the process of managerial decision.