Nagarjuna Degree College
38/36, Ramagondanahalli,
Yelahanka Hobli,
Bengaluru - 560 064.

60573

Reg. No. | | | | | | | | |

III Semester M.Com. Degree Examination, April/May - 2022

COMMERCE

Accounting for Managerial Decisions

(CBCS Semester Scheme)

Paper -3.3 A.T

Time : 3 Hours **Maximum Marks : 70**

SECTION - A

Answer any Seven questions. Each question carries Two marks. (7×2=14)

1. a) State any two situations of cost based decision making.

   b) What is meant by 'Key Factor'?

   c) What is Cost centre?

   d) Give the meaning of Zero Based Budgeting.

   e) What do you mean by Uniform costing.

   f) Give the meaning of angle of incidence.

   g) State the need for responsibility accounting.

   h) What is Economic value added?

   i) List out the limitations of inter-firm comparison.

   j) What is meant by Performance budgeting.

SECTION - B

Answer any FOUR questions. Each question carries Five marks. (4×5=20)

2. Briefly explain the methods for measuring divisional performance.

3. Distinguish between ZBB and traditional budgeting.

4. Bring out the requisites of inter-firm comparison system.

5. Pro-Quest Company manufactures three products P, Q and R. The cost data is given below:

Product	P (Rs)	Q (Rs)	R (Rs)
Selling Price	100	80	90
Direct Material	20	12	16
Direct Labour	16	16	16
Variable Overhead	16	12	15

The management wants to drop out Product Q as it is not Profitable.

What advice would you like to given the management?

6. Explain from the following data, how the reduction in selling price would affect the breakeven point and margin of safety.

Selling Price Per unit Rs. 20

Variable cost : Material Rs. 6

Labour Rs. 4

Variable overheads Rs. 2

Fixed overheads is Rs. 8000. Full capacity of the plant is 5000 units. Reduced selling price is Rs. 16 per unit.

7. Describe the steps in managerial decision making process.

SECTION - C

Answer any THREE questions. Each question carries Twelve Marks. **(3×12=36)**

8. Describe the requisites for the installation of uniform costing along with the advantages of uniform costing.

9. Describe the process in implementation of responsibility reporting, the benefits and difficulties in implementing responsibility accounting.

10. ABC Ltd. produces one product. Its quarterly budget of sales, cost of sales and production is as follows:

Quarterly Budget	Total (Rs)	Per Unit (Rs.)
Sales 40, 000 units at Rs. 3	1,20,000	3.00
Cost of Sales:		
Variable Manufacturing Costs Rs 60,000		1.50
Fixed manufacturing cost Rs. 12,000		3.00
Total Cost	72,000	1.80
Gross Profit	48,000	1.20
Less Selling and Distribution Costs (Fixed)	28,000	0.70
Net operating Profit	20,000	0.50

The actual production and sales on a quarterly basis is as follows:

	Quarter I	Quarter II	Quarter III	Quarter IV
Opening Inventory	0	0	9,000	2,000
Production	40,000	45,000	35,000	38,000
Sales	40,000	36,000	42,000	40,000
Closing Inventory	0	9,000	2,000	0

Prepare quarterly income statement under absorption costing and marginal costing. Comment on Profit under absorption costing and marginal costing.

11. Answer the following : Each Sub-question carries 6 marks.

A The total cost of a manufactured component is as under:

Prime cost Rs. 15

Fixed overhead Rs.4

Variable overhead Rs.7

Total Cost Rs. 26

The Same part is available in the market at Rs. 23.

Should the firm make it or buy it?

B. SSS Glass Manufacturing Company requires you to prepare the Master budget for the next year from the following information:

Sales:

Toughened Glass	Rs.6,00,000
Bent Glass	Rs.2,00,000
Direct material cost	60% of sales
Direct wages	20 workers at Rs. 150 per month
Factory overheads:	
Indirect labour- Works manager Rs. 500 per month	
- Foreman Rs. 400 per month	
Stores and spares	2.5% on sales
Depreciation on machinery	Rs. 12,600
Light and power	Rs. 3,000
Repairs and maintenance	Rs. 8,000
Others sundries	10% on direct wages

Administration, selling and distribution expenses Rs. 36,000 per year

12. Answer the following: Each sub-question carries 6 marks.

i) Explain the application of variance analysis in managerial decisions with suitable examples.

ii) Briefly explain the stages in Planning, Programming and budgeting system (PPBS)