Exam. Code: 0311
Sub. Code: 2692

1128

M.Com. (Master of Entrepreneurship and Family Business)
1st Semester
FB – 106: Accounting for Managerial Decisions

Time allowed: 3 Hours **Max. Marks: 80**

Note: Attempt five questions in all, selecting at least two questions from each Unit. Only simple calculator is allowed.

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UNIT – I

I. Write notes on the following:-
a) Budgetary Control
b) Break-even analysis
c) Fixed and flexible Budget
d) Concepts of marginal cost (4×4)

II. What do you mean by accounting? Explain in detail interrelationship of accounting with economics and various branches of accounting. (16)

III. Discuss management accounting as an effective tool of financial control. (16)

IV. a) From the following particulars, draw a break-even chart and find out the break-even point.

	Rs.
Variable Cost per unit:	30.00
Fixed Expenses:	1,00,000.00
Selling Price per unit:	50.00

b) What should be the selling price per unit, if the break-even point should be brought down to 4,000 units?

c) If the present value of sales is Rs. 4,00,000.00, what is the margin of safety on the basis of data given in **point a** above. (16)

V. From the following data, calculate:-
a) Activity Ratio
b) Capacity Ratio
c) Efficiency Ration

A factory manufactures two products A and B. Standard time to manufacture product A is 2 hours and product B is 10 hours. The budgeted and actual production is December, 18 were as followed:-

	Budgeted Production	**Actual Production**
Product A:	125 units	100 units
Product B:	30 units	24 units

Total actual hours worked were 660. (16)

UNIT – II

VI. What do you mean by variance analysis? What is the importance of variance analysis? What are the various kinds of variance analysis? (16)

VII. What do you mean by Responsibility Accounting? Explain in detail the importance, objectives and steps followed in Responsibility Accounting. (16)

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VIII. What do you mean by Reporting to Management? What is the objective and need of Reporting to Management? What are the various types and methods of reporting to management? (16)

IX. A factory is engaged in production of a product using two grades of materials A and B mixed in the ratio of 3:2. The standard price of material A is Rs. 4 per unit and that of B is Rs. 3 per unit. Normal loss in production in expected at 10%. Due to shortage of material, it was not possible to use the standard mix. However, normal loss is still expected to by 10% as earlier.

The actual result was as follows:-

Material A: 280 tons at Rs. 3.80

Material B: 120 tons at Rs. 3.60

Calculate Material Price Variance, material mix variance, material yield variance and material cost variance. (16)

X. In a manufacturing company, production is carried on in batches:-

Details of standard input of materials, labour, overhead etc. are as follows:-

Standard input of materials per batch of 2000 kg.

A → 60% of input @ 15/kg

B → 20% of input @ 20/kg

C → 20% of input @ 25/kg

Labour → 1200 hours per batch @ 10/hour

Variance overhead → Rs. 2/kg

Fixed overhead → Rs. 50,000/month

Selling Price → Rs. 50/kg

Standard production per month → 10 batches.

There is no processing loss.

Actual details for October, 18 are as follows:-

Number of batches processed

Material consumed:-

A	5000 kg	Rs. 76,000
B	1500 kg	Rs. 30,000
C	1500 kg	Rs. 48,000

Labour engaged for 9,800 hours wages paid: Rs. 95,000

Variable overhead: Rs. 15,000

Fixed Overhead: Rs. 52,000

The output for the month was sold @ 54 per kg. (16)

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