1125

Masters of Entrepreneurship & 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. All questions carry equal marks. Use of simple calculator is allowed.*

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UNIT-I

I. Define Management Accounting. How management accounting is a way to help management in taking managerial decisions?

II. Explain in detail the uses of Break-Even Analysis. What are the basic assumptions underlying cost volume profit analysis?

III. Define the term Budget, Budgeting and Budgetary Control. What are the essentials of an effective Budgetary control system?

IV. You are given the following data:

Year	Sales (In Rs.)	Total Cost(In Rs.)
2002	1,20,000	1,11,000
2003	1,40,000	1,27,000

Assume that cost structure and selling price remain unchanged in the two years. Find out:

a) P/V Ratio.
b) B.E.P.
c) Profit when sales are Rs. 1,00,000.
d) Sales required to earn a profit of Rs. 20,000.

V. The following data are available in a manufacturing company for a year.

	Rs (Lakhs)
<u>Fixed Expenses</u>:-	
Wages and Salary	9.5
Rent, Rates and Taxes	6.6
Depreciation	7.4
Sundry administrative Expenditure	6.5
<u>Semi-Variable Expenses</u> (at 50% capacity):-	
Maintenance and Repairs	3.5
Indirect labour	7.9
Sales department salaries etc.	3.8
Sundry administrative expenses	2.8
<u>Variable Expenses</u> (at 50% capacity):-	
Materials	21.7
Labour	20.4
Other expenses	7.9
	98.0

P.T.O.

Assume that Fixed expenses remain constant for all levels production, semi-variable expenses remain constant between 45% and 65% of capacity, increasing by 10% between 65% and 80% capacity and by 20% between 80% and 100% capacity

Sales at various levels are →

		Rs (lakhs)
50% Capacity	-	100
60% Capacity	-	120
75% Capacity	-	150
90% Capacity	-	180
100% Capacity	-	200

Prepare flexible budget for the year and forecast the profit at 60% and 75% and 90% of capacity.

UNIT-II

VI. What is the corporate viewpoint of Transfer Pricing? How Transfer Pricing is determined?

VII. "Responsibility Accounting is an important device of control and for control". Discuss.

VIII. What do you mean by reporting to the management? Why it is needed? Discuss its objectives in detail.

IX. From the following information, calculate all material variances and explain their significance:

Material	Standard	Actual
A	200 units @ Rs. 12	160 units @ Rs. 13
B	100 units @ Rs. 10	140 units @ Rs. 10

Consumption for 300 units of product.

X. Disco Ltd. has furnished the following information for the month of January 2003.

	Budget	Actual
Output (units)	30,000	34,000
Hours	30,000	33,000
Fixed overheads(2)	45,000	52,000
Working days	25	27

Calculate all the fixed overhead variances.

1. Total Fixed overhead variance.
2. Volume variance.
3. Efficiency variance.
4. Capacity variance.
5. Calendar variance.
6. Expenditure variance.

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