Exam. Code: 0311
Sub. Code: 25380

2124

M.Com. (E. & F.B.) First Semester

FB-106: Accounting for Managerial Decisions

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

***NOTE:*** *Attempt five questions in all, selecting atleast two questions from each Unit. All questions carry 16 marks.*

x-x-x

## UNIT - I

1. Discuss the fundamental accounting concepts and principles that govern the preparation of financial statements. How do these concepts ensure the reliability and consistency of financial reporting?
2. Explain the structure of a cash flow statement and the significance of each of its three main components: operating activities, investing activities, and financing activities. Why the cash flow statement is considered a critical financial statement?
3. The standard cost of a certain chemical mixture is:

   40% material A at Rs. 400 per kg

   60% material B at Rs. 600 per kg

   A standard loss of 10% is anticipated in production.

   The following particulars are available for the month of August.

   180 kg of material A has been used at Rs. 360 per kg

   220 kg of material B has been used at Rs. 680 per kg

   The actual output was 369 kg.

   Required: Calculate all material variances.
4.

The relevant data of X Ltd. for its three products A, B and C are as under:

| Particulars | A | B | C |
|---|---|---|---|
| Direct Material (Rs/Unit) | 260 | 300 | 250 |
| Direct Labour (Rs/Unit) | 130 | 270 | 260 |
| Variable Overheads (Rs/Unit) | 110 | 230 | 180 |
| Selling Price (Rs/Unit) | 860 | 1,040 | 930 |
| Machine Hours required (Per Unit) | 12 | 6 | 3 |
| Maximum Demand (Units) | 500 | 300 | 1800 |

The estimated fixed overheads at four different levels of 3,600; 6,000; 8,400; and 10,800 machine hours are Rs 1,00,000; Rs 1,50,000; Rs 2,20,000 and Rs 3,00,000 respectively.

You are required to find out (i) the most profitable product-mix at each level and (ii) the level of activity where the profit would be maximum.

5. Tulsian Ltd. manufactures two Products and pro vides you the following information:

| | Product 'A' | Product 'B' |
|---|---|---|
| (a) Standard Data: | | |
| Selling Price Per Unit | Rs. 30 | Rs. 40 |
| Direct Material : | | |
| -- X @ Rs. 3 per Unit | 2 Units | 4 Units |
| — Y @ Re. 1 per Unit | 1 Unit | 2 Units |
| Direct Labour per unit : | | |
| In P Dept.. | 2 hours @ Rs. 1 per hour | 1 hour @ Rs. 2 per hour |
| In Q Dept. | 1 hour @ Rs. 3 per hour | 1 hour @ Rs. 3 per hour |
| Overheads (65.2% fixed) | @ Rs. 2.50 per hour | @ 2.50 per hour |
| (b) Normal Capacity at 100% | 10,000 units | 8,000 units |

***Required:*** (a) Prepare Standard Cost Sheet f or Product 'A' and Product 'B'; (b) Prepare Flex ible Budget for Product 'A' at 50% and 75% le vel of capacity; (c) Prepare Flexible Budget for product 'B' at 75% and 100% le vel of capacity.

## UNIT-II

6. Explain the concept of Activity-Based Costing (ABC). How does it differ from traditional costing methods, and what are the advantages and limitations of using ABC in modern business environments?
7. Evaluate the advantages and disadvantages of Target Costing compared to traditional cost-plus pricing methods. How does Target Costing impact product design, innovation, and profitability?
8. Evaluate the ethical challenges faced by management accountants in contemporary business environments. How can management accounting practices be aligned with corporate social responsibility (CSR) and sustainability goals?
9. Discuss the different types of responsibility centres: cost centres, profit centres, and investment centres. How do these centres differ in terms of their objectives, performance measurement, and managerial responsibilities?
10. Discuss the objectives, need, and methods of reporting to management within the framework of responsibility accounting. How does effective reporting enhance managerial control and organizational performance?

*x-x-x*