



11223

III Semester M.Com. Examination, April/May 2024
(CBCS)
COMMERCE

3.3 : ATX – Accounting for Managerial Decision

Time : 3 Hours

Max. Marks : 70

Instruction : Answer *all* the questions as per instruction.

SECTION – A

Answer **any seven** sub-questions. **Each** sub-question carries **two** marks : (7×2=14)

1. a) What is cost based decision making ?
- b) What do you mean by Break-Even Analysis ?
- c) Give the meaning of Responsibility Accounting.
- d) Define Budgetary Control.
- e) Write two important features of uniform costing.
- f) What is the meaning of Cost control ?
- g) What do you mean by programmed decision ?
- h) Write two main components of traditional budget.
- i) Write the meaning of key factor analysis.
- j) What is the meaning of variance analysis ?



SECTION – B

Answer **any four** questions. **Each** question carries **five** marks : (4×5=20)

2. Briefly explain cost concepts in decision making process of Management.
3. Calculate the profit in each of the following case :
 - a) Fixed cost = Rs. 37,000, Contribution = Rs. 84,000
 - b) Variable cost = 80% of sales, MOS ratio = 30% and Sales = Rs. 1,00,000
 - c) Fixed cost = Rs. 2,00,000, MOS = 50%, PV Ratio = 40%
 - d) MOS = Rs. 70,000, VC ratio to sales 35%.

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4. Explain in brief the types of responsibility center for management control purpose.
5. What are the essentials of an effective budgetary control system ?
6. Explain the objectives of uniform costing.
7. The following costs and sales of a manufacturing company for the first half and second half of the year 2021-22.

	First half Rs.	Second half Rs.	Total Rs.
Sales	24,00,000	30,00,000	54,00,000
Total Costs	21,80,000	26,00,000	47,80,000
Profit	2,20,000	4,00,000	6,20,000

You are asked to determine :

- i) Contribution/Sales ratio of the firm
- ii) Annual fixed costs
- iii) Break even point
- iv) Margin of safety as percentage of sales.

SECTION – C

Answer **any three** questions. **Each** question carries **twelve** marks : **(3×12=36)**

8. The following particulars are extracted from the records of a company :

	(per unit)	
	Product A	Product B
Sales	Rs. 100	Rs. 120
Consumption of Material	2 Kgs.	3 Kgs.
Material cost	Rs. 10	Rs. 15
Direct wages cost	Rs. 15	Rs. 10
Direct expense	Rs. 5	Rs. 6
Machine hours used	3 hr	2 hr
Overhead expenses :		
Fixed	Rs. 5	Rs. 10
Variable	Rs. 15	Rs. 20
Direct wages per hour is Rs. 5/-		





- A) Comment on profitability of each product, when :
- Total sales potential in units is limited
 - Total sales potential in value is limited
 - Raw material is in short supply
 - Production capacity (in terms of machine hours) is the limiting factor.
- B) Assuming raw material as the key factor, availability of which is 10,000 kgs. and maximum sales potential of each product being 3,500 units, find the product mix which will yield the maximum profit.
9. What is a fixed and flexible budget ? Explain the difference between fixed and flexible budget.
10. Uniform costs are generally regarded as costs possessing the maximum degree of inter-business comparability. How is this comparability achieved ? What are the pre-requisites of an inter-firm comparison ?
11. From the following particulars, draw a break even chart and find out the break even point and show the current BEP and New BEP.
- Variable cost per unit Rs. 10
Selling price per unit Rs. 15
Fixed Expenses Rs. 40,000/-
What will be the selling price per unit, if the break even point is brought down to 5,000 units ?
12. Sunshine Baking Company is a diversified food product company with 3 operating divisions organised as investment centres. Data for the year ended June 30th 2022 are as follows :



Particulars	Bread division (Rs.)	Cake division (Rs.)	Bakery division (Rs.)
Sales	81,00,000	87,00,000	78,00,000
Cost of goods sold	49,80,000	54,00,000	46,00,000
Operating Expenses	16,62,000	19,95,000	14,84,000
Invested Assets	1,08,00,000	1,08,75,000	60,00,000

The management of Sunshine Baking Company is evaluating each division as a basis for planning future expansion of operations.



You are required to :

- 1) Prepare condensed divisional income statements for the three divisions assuming there were no service department charges.
- 2) Compute the rate of return on investment, profit margin, investment turnover and rate of return on investment for each division.
- 3) If available funds permit the expansion of operations of only one division, which of the divisions would you recommend for expansion based on answers to questions 1 and 2.

