

Master of Commerce Examination: May 2016
Semester: II (Centre for Distance Education)

Day & Date	Semester	Subject Name	Time	Code
Tuesday 10/05/2016	II (Repeater)	Accounting for Managerial Decisions	11.00 AM To 01:00 PM	200002

Instructions: 1) Q. no. 1 is compulsory

2) Attempt any three questions from question No. 2 to question No. 5

- Q.1** Parikh Ltd. manufactures the product ungli. It is expected to earn profit of **25** Rs. 30, 00000 after charging fixed cost of Rs. 30, 00000 during 2014 for this product. Product ungli has variable unit cost of Rs. 20 and selling price Rs. 50 per unit.
 Market survey suggests the following responses to price changes in 2015.

Option	Reducing in selling price	Increase in quantity sold
A	5%	10%
B	10%	20%
C	15%	25%

Accounting cost structure is unchanged evaluate these alternatives on profitability consideration.

- Q.2 The standard cost of a product shows the following: 25**

Material 2kg @ Rs. 2.50 per kg Rs. 5 per unit.
 Labour 2hours @ Rs. 50 paisa per hour Rs.1 per unit.

The actual emerged from operations are:

Production 8000 units
 Material : 16500 kg @ Rs. 2.40 per kg Rs. 39600
 Labour : 18000 hours @ 40 paisa per hour Rs. 720

Compute :

- 1) Material cost variance
- 2) Material price variance
- 3) Material Usage variance
- 4) Labour cost variance
- 5) Labour Rate variance
- 6) Labour Efficiency

Q.3 The company are considering the following two investment proposals.

25

Cash flow before tax		Project A	Project B
Year	1	30000	60000
	2	20000	60000
	3	50000	60000
	4	10000	40000
	5	70000	10000

Estimated Life.

Salvage value	Rs.10000	Rs. 10000
Income tax	50%	50%
Cost of Project	Rs. 80000	Rs. 100000

Decision is changed on Straight Line Basis.

Evaluate the proposals as per NPV method.

Year	1	2	3	4	5
PV factor@10%	0.909	0.826	0.751	0.683	0.621

Q.4 a) Explain various methods of measurement of Divisional performance. **15**

b) What is responsibility Accounting? Explain its various centers. **10**

Q.5 a) The cost of project is Rs. 1,00,000 annual cash. Cash inflow after tax for 5 year is Rs. 25000 p.a. compute Payback Period. **07**

b) From the following particulars compute profit / loss : **06**

P/V Ratio 40% ,
BEP sales Rs. 300000 and actual sales Rs.400000.

c) Compute required material variances from the following: **06**

Standard Quantity 20000 kg @ Rs. 5.00 per kg
Actual Quantity 19700 kg @ Rs. 6.00 per kg

d) Write note on Inflation Accounting. **06**