

Roll No.

Total Pages : 8

12232/NJ**D-45/2111****ACCOUNTING FOR
MANAGERIAL DECISIONS**

Paper-1102T

Semester-I

Time Allowed : 3 Hours] [Maximum Marks : 70

Note : The candidates are required to attempt **two** questions each from Sections A and B carrying 10 marks each and the entire Section C consisting of 10 short answer type questions carrying 3 marks each.

SECTION—A

1. Discuss about the interpretation of Financial Statements. Also state different techniques used for analysing financial statements. 10

2. What do you mean by Ratio analysis ? What are the advantages of such analysis ? Also point out the limitations of Ratio analysis. 10

3. From the following Balance Sheets of Mark Ltd., prepare a Cash flow statement : 10

Liabilities	2003	2004
	(₹)	(₹)
Equity Share Capital	3,00,000	4,00,000
8% Redeemable Preference		
Share Capital	1,50,000	1,00,000
General Reserve	40,000	70,000
Profit & Loss	30,000	48,000
Proposed Dividend	42,000	50,000
Creditors	55,000	83,000
Bills payable	20,000	16,000
Provision for Taxation	40,000	50,000
	<u>6,77,000</u>	<u>8,17,000</u>

Assets	2003 (₹)	2004 (₹)
Goodwill	1,15,000	90,000
Land & Building	2,00,000	1,70,000
Plant	80,000	2,00,000
Debtors	1,60,000	2,00,000
Stock	77,000	1,09,000
Bills Receivable	20,000	30,000
Cash in hand	15,000	10,000
Cash in Bank	10,000	8,000
	<u>6,77,000</u>	<u>8,17,000</u>

Additional Information :

- Depreciation of ₹10,000 and ₹20,000 have been charged on Plant and Land & Buildings in 2004.
- An interim dividend of ₹20,000 has been paid in 2004.
- ₹35,000 Income tax was paid during 2004.

4. From the following Information calculate :

- P/V ratio.
- Break-even point
- Margin of Safety.

Total sales	–	₹3,60,000	
Selling price per unit	–	₹100	
Variable cost per unit	–	₹50	
Fixed cost	–	₹1,00,000	10

SECTION—B

- Discuss the concept of Strategic Cost Management. What are the key elements in Strategic Cost Management ? 10
- What is meant by Zero base Budgeting ? What are the different steps involved in it ? Also state, how it is useful to the Business. 10

7. The expenses for the production of 5,000 units in a factory are given as follow : 10

	Per unit (₹)
Material	50
Labour	20
Variable overheads	15
Fixed overheads (₹50,000)	10
Administrative expenses (5% variable)	10
Selling expenses (20% fixed)	6
Distribution expenses (10% fixed)	5
Total cost of Sales per unit	<u>₹116</u>

You are required to prepare a Budget for the production of 7,000 units.

8. The following is a Control report prepared by a Cost Accountant of Department X in a factory :

	(₹)	(₹)
(a) Overhead directly (assigned to Department X:	1,000	
Indirect Labour (Job tickets)	900	
Overtime charges	100	
Depreciation on equipments	<u>500</u>	2,500
(b) Allocated factory overhead (38% of factory space)		4,300
(c) Allocated overhead of Repair shop		1,200
(62% of repairs in repair shop done for Department X)		
(d) Allocated office and administration overheads		
(on an agreed basis)		5,000
Total Department expenses		<u>13,000</u>

You are required to revise the report treating Department X as responsibility centre. 10

SECTION—C

9. Write short notes on any **ten** of the following :

10×3=30

- (i) What are Comparative statements ?
- (ii) What do you understand by Capital Gearing ratio and how is it calculated ?
- (iii) What are fund flow statements ?
- (iv) How Marginal costing is different from Absorption costing ?
- (v) Discuss about Cost Volume Profit analysis for Decision making.
- (vi) Give a short note on Trend analysis.
- (vii) What are the activities involved in Value Chain analysis ?

- (viii) How Responsibility accounting is significant for business ?
- (ix) What are Sales Budget ?
- (x) What are the challenges in implementation of Balanced Score Card ?
- (xi) Discuss Cost-driver analysis.
- (xii) What are Inter-firm comparisons ?