Roll No. .... **Total Pages : 6**

8122/NJ

D-47/2110

ACCOUNTING FOR MANAGERIAL DECISION

Paper–102

Semester–I

Time allowed : 3 Hours] [Maximum Marks : 70

Note : Attempt any **two** questions each from Section A and B. Attempt any **ten** questions from Section C.

SECTION-A

1. "Cost accounting is a system of foresight and not post-mortem examination." Examine. 10

2. What is fund flow statement? Differentiate between fund flow statement and statement of changes in working capital. 10

3. From the following information prepare a summarised balance sheet as on 31st March, 2019:

(i) Working capital Rs. 1,20,000

(ii) Reserves and surplus Rs. 80,000

(iii) Bank overdraft Rs. 20,000

(iv) Assets (fixed) - proprietary ratio 0.75

(v) Current ratio 2.5

(vi) Liquidity ratio 1.5. 10

4. The cost per unit of the three products A, B and C of a concern are as follows :

	A (Rs.)	B (Rs.)	C (Rs.)
Variable cost	20	20	18
Fixed cost	3	3	2
Total cost	23	23	20
Profit	9	7	6
Selling price	32	30	26
No. of units produced	10,000	5,000	8,000

Production arrangements are such that if one product is given up, the production of other products can be raised by 50%. The director proposed that C should be given up because the contribution in that case is the lowest. Do you agree? What other non-cost consideration should be kept in mind before taking a decision in such a situation? 10

SECTION-B

5. What is balanced score card? Explain the steps taken by management in implementing it in organisation. 10

6. What do you understand by strategic cost management? What are the underlying philosophies that led to the emergence of strategic cost management? 10

7. The expenses budgeted for the production of 10,000 units in a factory are furnished below:

	Rs. Per unit
Materials	70
Labour	25
Variable overhead	20
Fixed overhead (Rs. 1,00,000)	10
Variable expenses (direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expense (Rs. 50,000)	5
Total	155

Prepare a budget for the production of

(i) 8,000 units and

(ii) 6,000 units.

Assume that administration expenses are rigid for all level of production. 10

8. Virginia Elliott, the president of Lovely Toys Corporation, is trying to determine this year's pay raises for the store managers. Lovely Toys has seven stores in the south-western United States. Corporate headquarters purchases all toys from different manufacturers globally and distributes them to individual stores. Additionally, headquarters makes decisions regarding location and size of stores. These practices allow Lovely Toys to receive volume discounts from vendors and to implement coherent marketing strategies. Within a set of general guidelines, store managers have the flexibility to adjust product prices and hire local employees. Ms. Elliott is considering three possible performance measures for evaluating the individual stores: cost of goods sold, return on

sales (net income divided by sales), and return on investment.

Required:

(i) Using the concept of controllability, advise Ms. Elliott about the best performance measure.

(ii) Explain how a balanced scorecard can be used to help Ms. Elliott. 10

SECTION-C

9. Describe any ten of the following : 3×10=30

(i) Budgeting

(ii) Value chain analysis

(iii) Uniform costing

(iv) Investment centre

(v) Cost driver

(vi) Strategic based control

(vii) Cash flow statement

(viii) CVP analysis

(ix) Trend analysis

(x) Solvency ratios

(xi) Marginal costing

(xii) Financial statement analysis.