MCom (IB) DEGREE EXAMINATION MAY 2018
(First Semester)

Branch - INTERNATIONAL BUSINESS

ACCOUNTING FOR DECISION MAKING

Time : Three Hours Maximum : 75 Marks

Answer ALL questions
ALL questions carry EQUAL marks (5x15 = 75)

1 a From the following Trial balance as on 31-12-2016, prepare Trading, Profit and Loss Account and a Balance sheet as on that date :

Particulars	Debit (Rs.)	Credit (Rs.)
Stock as on 01-01-2016	5,840	-
Cash in hand	192	-
Drawings	2,840	-
Rent	480	-
Machinery	3,800	-
Tax	600	-
Provision for bad debts	-	420
Bad debts	888	-
Capital	-	17,000
Interest	-	320
General Expenses	1,760	-
Bank overdraft	-	960
Purchases	41,448	-
Debtors	16.800	-
Sales	-	47.624
Creditors	-	8.000
Sales returns	840	-
Purchase returns	-	1,164
	75,488	**75,488**

Adjustments :

i) Depreciation on machinery 10% p.a..
ii) Rent Outstanding Rs. 500.
iii) Tax prepaid Rs. 100.
iv) Provision for bad debts is to be increased to 5% on debtors.
v) Closing stock Rs. 3,500.

OR

b 'Accounting provides useful information to various parties having interest in business' - Explain this statement.

How does Management Accounting differ from Financial Accounting?

OR

Following ratios are related to the trading activities of National traders Ltd.

Debtor's velocity	3 months
Stock velocity	1.5 times
Creditors velocity	2 months
Gross profit ratio	25 percent

Gross profit for the year ended 31st December 2016 amounts to Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amount to Rs. 25,000 and Bills payable to Rs. 10,000.
Find out : (i) Sales (ii) Sundry Debtors (iii) Closing Stock and (iv) Sundry creditors.

From the following Balance Sheets of Apple Ltd on 31s December 2015 and 2016, you are required to prepare funds flow statement :

Cont...

Balance Sheets

Liabilities	2015 (Rs.)	2016 (Rs.)	Assets	2015 (Rs.)	2016 (Rs.)
Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General Reserve	14,000	18,000	Buildings	40,000	36,000
Profit & Loss a/c	16,000	13,000	Plant	37,000	36,000
Sundry creditors	8,000	5,400	Investment	10,000	11,000
Bills payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills receivable	2,000	3,200
Provision for doubtful debts	400	600	Debtors	18,000	19,000
			Cash	6.600	15,200
	1,55,600	**1,55,800**		**1,55,600**	**1,55,800**

The following additional information has also been given :

i) Depreciation charged on plant was Rs. 4,000 and on Building Rs. 4,000.

ii) Provision for taxation of Rs. 19,000 was made during 2016.

iii) Interim dividend of Rs. 8,000 was paid during 2016.

OR

b Explain the difference between Funds Flow Statement and Cash Flow Statement.

4 a From the following particulars, prepare cost sheet :

Particulars	Amount (Rs.)
Opening stock of raw materials	30,000
Raw materials purchased	4,50.000
Work-in-progress (opening)	12,000
Work-in-progress (closing)	15,000
Closing stock of raw materials	25.000
Selling and distribution expenses	20.000
Wages paid	2,30.000
Factory overheads	92.000
Finished goods (opening)	60,000
Finished goods (closing)	55,000
Sales	9,00,000
Administration Expenses	30,000

OR

b SV Ltd., a multi-product company, furnishes you the following data relating to the year 2016 :

	I half of the year (Rs.)	Second half of the year (Rs.)
Sales	45,000	50,000
Total cost	40,000	43,000

Assuming that there is no change in prices and variable costs and that the fixed expenses are incurred equally in the two-half year periods. Calculate for the year 2016 :
(i) The profit volume ratio (ii) Fixed expenses
(iii) Break-even sales (iv) Percentage of margin of safety.

5 a 1TC Ltd., has prepared the budget for the production of 1,00.000 units of the only commodity manufactured by it for a costing period as under :

		Rs. in Lakhs
i)	Raw material	2.52
ii)	Direct Labour	0.75
iii)	Direct expenses	0.10
iv)	Works overhead (60% fixed)	2.25
v)	Administrative overhead (80% fixed)	0.40
vi)	Selling overhead (50% fixed)	0.20

The actual production during the period was only 60,000 units. Calculate the revised budgeted cost per unit.

OR

b A manufacturing unit plans to sell 1,10,000 units in the first week, 1,20,000 units in the second week, 1,30,000 units in the third week, 1,40,000 units in the 4th week. At the beginning of the 1st week there are 14,000 units in stock. At the end of each week the company plans to have an inventory equal to 1/5 of the sales for the next week.