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(Pages : 3)

Name.....

Reg. No.....

FIRST SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2018

(CUCSS—PG)

M.Com.

MC 1C 03—ACCOUNTING FOR MANAGERIAL DECISIONS

(2015 Syllabus Year)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What is Management Accounting ?
2. What is ABC System ?
3. What is Zero Based Budgeting ?
4. Write notes on Cost Unit ?
5. What is meant by Key Factor ?
6. What is meant by Cost of Capital ?

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. Briefly explain the various methods of costing.
8. Describe the various Performance measurements.
9. Explain managerial application of CVP Analysis.
10. Explain the methods used for calculating cost of capital.
11. Describe the cost control and cost reduction techniques ?

Turn over

12. Lakshmi Industries Ltd. has the following capital structure and after tax costs for the different sources of funds used :

Source of funds	Amount (Rs.)	Proportion (%)	After tax cost (%)
Debt. ...	90,00,000	25	5
Preference Shares ...	72,00,000	20	10
Equity Shares ...	1,08,00,000	30	12
Retained Earnings ...	90,00,000	25	11
Total ...	3,60,00,000	100	

You are required to compute the weighted average cost of capital.

13. A project of Global Industries need Fixed Expenses of Rs. 24,00,000 and the Selling price per unit is Rs. 150. Variable cost /unit is Rs. 90. Calculate Break-even point ?
14. A company has 2,00,000 shares of Rs.100 at par of preference shares outstanding at 9.5 % dividend rate , The current market price of preference share is Rs. 80. What is its cost ?

(6 × 3 = 18 weightage)

Part C

Answer any **two** questions.

Each question carries 6 weightage.

15. Majestic India Ltd. is producing articles mostly by manual labour and is considering replacing it by a new machine. There are two alternative models M and N of the new machine. Prepare a statement of profitability showing the pay-back period from the following information:

	Machine M	Machine N
Estimated life of machine ...	4 years	5 years
Cost of machine ...	Rs. 9,000	Rs. 18,000
Estimated savings in scrap ...	500	800
Estimated savings in direct wages ...	6,000	8,000
Additional cost of maintenance ...	800	1,000
Additional cost of supervision ...	1,200	1,800

Ignore taxation

16. Explain different types of budgets and applications of budget as Cost control technique.
17. Ambitious Enterprises manufacturing table lamps is working at 40 % capacity producing 10,000 lamps per year. The cost elements for each table lamps are given as under:

Material	—	Rs. 20
Labour	—	Rs. 6
Overheads	—	Rs. 10 (40 % Variable)

Each table lamp sells for Rs. 40. The selling price falls by 3 % if production is at 50 % capacity, and by 5 % if worked at 90 % capacity. The fall in selling price is accompanied by similar fall in material prices,

You are required to find out

- Profit at 50 % and 90 % capacities.
- Break-even points at both levels.

(2 × 6 = 12 weightage)