

## Master of Commerce Examination: September/October - 2022 (Distance Education)

Day & Date	Semester	Subject Name	Time	Code	Marks
Monday 03-10-2022	II (Fresh)	Accounting for Managers	11:00 AM To 02:10 PM	210052	75

**Instructions: 1) Attempt any Three out of Five Questions.  
2) Figures to right indicate Marks.**

- Q.1** There are two Projects requiring an investment of Rs. 1,50,000 each with an expected life of 5 years and each project will be depreciated on a straight-line basis. The Tax rate is 50 % and the scrap value of assets is zero. **25**

Years	Profit Before Depreciation and Tax for Project X	Profit Before Depreciation and Tax for Project Y
1	65000	45000
2	55000	45000
3	45000	45000
4	32000	45000
5	32000	45000

**Calculate the following for both the projects:**

- 1) Payback Period
- 2) Net Present Value at discounting factor @ 10 %
- 3) Profitability Index

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

- Q.2** DB Ltd provided the following information for the years 2020 and 2021. **25**

Year	Sales (in Rs.)	Profit (in Rs.)
2020	2,00,000	30,000
2021	2,50,000	50,000

**Find out**

- i) P/V Ratio
- ii) Break Even Sales
- iii) Variable Cost for 2020 & 2021
- iv) Sales required to earn a profit of Rs. 60,000
- v) Profit or Loss when Sales are Rs. 1,00,000

- Q.3** The standard mix to produce a unit of product 'ABC' is as follows: **25**

Material X    60 kg @Rs. 15 per kg  
Material Y    80 kg @ Rs. 20 per kg  
Material Z    100 kg @ Rs.25 per kg

10 units of product were actually produced, and consumption was as follows:

Material X    640 kg @ Rs. 17.50 per kg  
Material Y    950 kg @ Rs. 18.00 per kg  
Material Z    870 kg @ Rs. 27.50 per kg

**Calculate** Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance, and Material Yield Variance.

- Q.4 A)** From the following details, find: PV Ratio, BEP Sales in Value, and BEP Sales in Units. **08**
- 1) The Selling Price per unit is Rs 100/-,
  - 2) The Variable Cost per unit is Rs 60/-,
  - 3) The Fixed Cost is Rs 40,000.

- B)** Calculate Material Cost Variance, Material Price Variance, and Material Usage Variance from the following information: **08**

Standard Usage of materials = 800 kgs, Actual Usage of materials = 920 kgs

Actual Price of materials per kg = Rs. 3, Actual Cost of materials Rs. 2,760, Standard cost of material for actual production Rs. 3,200.

- C)** A Company is thinking of investment of Rs. 20,00,000 in a project the life of the project is 5 years and the scrap value at the end will be zero. The tax rate is 50% and the straight-line method of depreciation is followed. The cost of capital is at 10 % p.a. The expected cash flow before depreciation and tax is as follows: **09**

Years	Cashflow before depreciation and Tax
1	4,00,000
2	6,00,000
3	8,00,000
4	8,00,000
5	10,00,000

Analyze the return from the project on the basis of

- i) Payback period method,
- ii) Net Present Value Method at 10% cost of capital
- iii) Profitability Index Method at 10% discounting factor.

The discount factors for 10% on the cost of investment are stated as follows:

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

- Q.5 a)** What do you mean by inflation accounting? Give its advantages and disadvantages. **09**
- b)** Briefly discuss the important approaches to the valuation of human resources. **08**
- c)** What do you mean by Value added statement? Explain the two classifications of value-added statements. **08**