

M. Com. (Final) Examination, 2001

ACCOUNTANCY AND STATISTICS

Paper — V(i)

Accounting Applications in Functional Management

Time 3 Hours]

[Maximum Marks 100

Attempt **five** questions in all.
All questions carry equal marks

1. Explain in brief **8+6+6**
(i) Purchase Procedure of Materials in a Company
(ii) Perpetual Inventory System
(iii) A. B. C. Analysis of Stores

2. Two components A and B are used as follows: **20**
Normal usage 50 units per week, each A and B
Minimum usage 25 units per week, each A and B
Maximum usage 75 units per week, each A and B
Re-order quantity) A - 300 units, B - 500 units
Re-order period
A — 4 to 6 weeks
B — 2 to 4 weeks
Calculate for each component
(i) Re-order level
(ii) Minimum stock level
(iii) Maximum stock level
(iv) Average stock level

3. (A) The informations regarding two products of Gopi Ltd. are as under **16**
- | | Product-A | Product-B |
|------------------------------------|-----------|-----------|
| | Rs. | Rs. |
| — Direct Materials per unit | 400.00 | 360.00 |
| — Direct Wages
(Re. 1 per hour) | 120.00 | 80.00 |
| — Selling Price per unit | 800.00 | 600.00 |
| — Variable overhead per
hour | Re. 1.00 | Re. 1.00 |
- Total Fixed overheads Its.Rs 64,000 per annum.

You are asked which of the following product mix should be adopted for the Sales

- (a) 200 units of A and 400 units of B
(b) 300 ,units of A and 300 units of B
(c) 400 units of A and 200 units of B
(B) What do you, mean by Production Budget ? **4**

4. Explain the cost and non .. cost factors which are to be considered for a suitable site for plant location. **20**

5. (A) Comment on the following cost-based pricing methods **10**
- (i) Full Cost + Percent Profit Method
- (ii) Marginal Cost + Key Factor Method
- (B) Mona Ltd. produced a standard product. The following information is given for a month
- Fixed cost Rs 1,00,000
- Variable cost) Rs. 104cr unit
- Sales) 10,000 units at Rs. 30 per unit.
- Sales department proposed to reduce the selling price to increase sales.
- The following estimates of sales volume at various prices are as under
- Rs. 25 per unit 14,000 units per month
- Rs. 20 per unit 19,000 units per month
- Would you recommend to reduce the price ? If yes. to what extent ? **10**

6. Three different products x, y and z are sold by Sona Ltd. Details regarding products are as under

Product	x	y	z
Contribution	20%	10%	50%
Selling Price per unit	Rs. 8.00	Rs. 2.00	Rs. 3.00
Selling Units	50,000	1,50,000	60,000

Total Net Profit earned by the company lts. 50,000

The sales manager believes tat the profit picture can be improved by eliminating product y and concentrating the sales efforts of products x and z. He sees an opportunity to increase the sales of product x to 60,000 units and z to 70,000 units next year.

Prepare a projected income statement using sales manager's assumptions. Do you agree with him ? Explain what would cause the profit to increase or decrease, as the case might be.

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7. (A) Discuss the advantages and disadvantages of the following methods of wage Payment:

12

- (i) Time-wage System
- (ii) Piece-wage System

- (B) Explain what is meant by Monetary and Non- monetary Incentive Schemes. **8**

8. In a factory bonus system, bonus hours are credited to the employee in the proportion of time taken which time saved bears to time allowed. No overtime is worked and payment is made in full for all units including rejected.

From the following infonnations, you are required to calculate for each employee —

- (i) the bonus hours and amount of bonus earned
- (ii) the total wages, and
- (iii) the wage cost of each good unit produced **20**

Particulars	Worker		
	A	B	C
Wage rate per hour (Rs.)	25.00	40.00	30.00
Total units produced	2500	2200	3600
Time allowed (per 100 units)	2 Hrs.	3 Hrs.	1 Hr.
Time taken	36 Mm.	30 Mm.	30 Mm.
Rejected units	52 Hrs.	75 Hrs.	48 Hrs.
	100	40	400

9. (A) Explain the term Investment Appraisal'. What is its importance? **10**
(B) What do you mean by Management of Working Capital? Give the main accounting ratios for the analysis of working capital. **10**
10. A company manufactures a product at 60% capacity with a sale of Rs. 60 lakhs and selling price Rs. 300 per unit. It is proposed to reduce selling price by Rs. 50 per unit but to maintain the present profit by increasing the output. Determine the level at which the company should operate to achieve the desired profit. The following further information is available **20**