**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU -27**

Registration Number:

Date & Session

**B.Com–V SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November /December 2023)**

**BCDEA 5523 Accounting for Business Decisions**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains THREE printed pages and FOUR parts**

**Section A**

**Answer any FIVE of the following**  **(5 X 3 = 15 marks)**

1. What is Throughput Costing? State two advantages
2. Give the meaning of Sunk Cost with an example.
3. What is Make or Buy decision?
4. Give an example for Fixed Cost & Variable Cost.
5. State the advantages of standard Costing
6. What are Cost Drivers? Give two examples

**Section B**

**Answer any TWO of the following** **(2 x 5 = 10 marks)**

1. Briefly explain the benefits of activity based costing.
2. A manufacturing concern which has adopted standard costing furnishes the following information.

**Standard:**

Material for 70 Kg of finished product of 100 Kg

Price of materials Re.1 per kg

**Actual:**

Output 2,10,000 kg.

Material used 2,80,000 kg.

Cost of materials Rs.2,52,000

Calculate:

a. Material Usage Variance

b. Material Price Variance

1. Discuss the different types of decisions a firm may analyze using relevant costing.

**Section C**

**Answer any TWO of the following (2 X 10 =20 marks)**

1. YZ Company manufactures and sells a single product. The company has prepared a flexible budget for the production of its product for the month of August. The budget includes both fixed and variable costs. The company expects to produce between 8,000 and 10,000 units during the month. The budgeted costs are as follows for 8000 units:

|  |  |  |
| --- | --- | --- |
| **Category** | **Cost per Unit** | **Cost Behavior** |
| Direct Materials | ₹40 | Variable |
| Direct Labor | ₹30 | Variable |
| Variable Overhead | ₹20 | Variable |
| Fixed Overhead | ₹60,000 | Fixed |
| Fixed Selling & Administrative Expenses | ₹40,000 | Fixed |

The company produced 9,000 units during August. Calculate the total budgeted costs for the production of 9,000 units using the flexible budget.

1. Product A and B are produced in a joint process. At split-off point, Product A is complete whereas product B can be processed further. The following information is available:

|  |  |  |
| --- | --- | --- |
| Product | A | B |
| Quantity in units | 5,000 | 10,000 |
| Selling price per unit: |
| At split off | Rs.10 | Rs.2.50 |
| If processed further | - | Rs5 |
| Cost After Split off- Rs.20,000 |

Perform sell or process-further analysis for Product B using Incremental and opportunity cost approach and compare and contrast between these two approaches.

1. ABC Co. wished to arrange overdraft facilities with its bankers during the period April 2023 to June 2023 when it will be manufacturing mostly for the stock. Prepare a Cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Sales** | **Purchases** | **Wages** |
| February 2023 | Rs.1,80,000 | Rs.1,24,800 | Rs.12,000 |
| March 2023 | Rs. 1,92,000 | Rs.1,44,000 | Rs.14,000 |
| April 2023 | Rs.1,08,000 | Rs.2,43,000 | Rs.11,000 |
| May 2023 | Rs.1,74,000 | Rs.2,46,000 | Rs.10,000 |
| June 2023 | Rs.1,26,000 | Rs.2,68,000 | Rs.15,000 |

***Additional Information:***

1. 50% of the credit sales are realized in the month following the sales and remaining 50% in the second month following. Creditors are paid in the month following the month of purchases. There are no cash sales or cash purchases
2. Cash at bank [overdraft] estimated on 1st April 2023 is Rs.25, 000.

**Section D**

**Answer the following (1 X 15 =15 marks)**

1. MNO company manufactures three products M,N & O, the details of which are shown below:

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | M | N | O |
| Selling price per unit | Rs.360 | Rs.330 | Rs.390 |
| Direct material cost per unit | Rs.180 | Rs.210 | Rs.255 |
| Variable Overhead | Rs.90 | Rs.60 | Rs.45 |
| Maximum demand ( units) | 30000 | 25000 | 40000 |
| Time required on the bottleneck resource (hours per unit) | 10 | 8 | 6 |

There are 6, 40,000 bottleneck hours available each month.

1. Calculate the optimum product mix based on the throughput concept (8 marks)
2. Explain the advantages of throughput accounting over other conventional forms of accounting (7 marks)

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