

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-2016 and thereafter)
SUBJECT CODE: 15CM/MC/MA34

B.Com./B.Com.(C.S) DEGREE EXAMINATION NOVEMBER 2019
COMMERCE
CORPORATE SECRETARYSHIP
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : MANAGEMENT ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

SECTION - A

Answer ALL questions:

(10x2=20)

1. State the need for Management Accounting.
2. What is Position Statement?
3. Define Ratio Analysis.
4. What is Budget?
5. Write a note on Margin of Safety.

6. Calculate the Debt Equity ratio.

Equity share capital	6,00,000
Preference share capital	5,00,000
Debenture	3,00,000
Long term loans	2,00,000
Bank overdraft	50,000

7. Prepare Comparative income Statement from the following profit and loss account of X Ltd.,

Particulars	2017	2018
	Rs.	Rs.
Sales	15,000	20,000
Gross profit	8,000	12,000
Administration expenses	2,000	4,000
Net Profit	6,000	8,000

8. Prepare a raw materials purchase budget for the year 2018 from the following details :

Materials estimated to be used	40,000 kgs
Opening stock of Raw Materials	15,000 kgs
Closing stock of Raw Materials	5,000 kgs

9. The budgeted and actual sales of a company producing and selling a single product are as follows:

Budgeted sales 2500 units at Rs. 6 per unit

Actual sales 3000 units at Rs. 4 per unit

Calculate: Sales value variance, Sales price variance, and Sales volume variance.

10. A T.V. manufacturer finds that while it costs him Rs. 625 each to make a component, the same is available in the market at Rs. 575 each, with an assurance of continuous supply. The breakdown of cost of manufacture are Material Rs. 275, Labour Rs. 175, other variable costs Rs. 50, Fixed cost Rs. 125. Should the component be bought or made?

SECTION – B

Answer any FIVE questions:

(5x8=40)

11. Distinguish between Management Accounting and Financial Accounting.
 12. Briefly discuss the various types of budgets according to function.
 13. From the following data for 60% activity, prepare a budget at 80 % capacity.

Production at 60% capacity	600 units
Materials	Rs. 100 per unit
Labour	Rs. 40 per unit
Direct expenses	Rs. 10 per unit
Factory expenses	Rs. 40,000 (40% fixed)
Administrative expenses	Rs. 30,000 (60% fixed)

14. Compute the value of opening stock and closing stock.

Sales Rs.	10,00,000
Gross profit ratio	25%
Stock turnover ratio	10 times
Closing stock is more that opening stock by	25,000

15. Gee Vee Furniture House places before you the following trading results:

Year	Units	Total Cost (Rs.)	Sales (Rs.)
2017	10,000	80,000	1,00,000
2018	12,000	90,000	1,20,000

Find out the following :-

- a) P/V Ratio, b) BEP both in units and amount c) Fixed cost d) Margin of safety

16. Prepare a common size balance sheet from the balance sheet given below:

Liabilities	2017	2018	Assets	2017	2018
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Share capital	20,000	25,000	Fixed Assets	10,000	12,000
General Reserve	8,000	10,000	Investments	5,000	6,000
6% Debentures	10,000	8,000	Stocks	6,500	7,500
Creditors	7,000	9,500	Debtors	8,000	9,000
Bills Payable	5,000	7,500	Bills Receivable	9,500	10,500
			Bank balance	11,000	15,000
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	50,000	60,000		50,000	60,000
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17. Calculate fixed overhead cost variance and variable overhead cost variance from the following:

	Budget	Actual
Output in units	30,000	32,500
Fixed overhead	45,000	50,000
Variable overhead	60,000	68,000

SECTION – C

Answer any TWO questions:

(2x20=40)

18. Following information has been made available from the cost records of Raj Ltd., manufacturing spares parts:

Direct Materials	X = Rs. 8 per unit Y = Rs. 6 per unit
Direct Wages	X = 24 hours @ 25ps. per hour Y = 16 hours @ 25ps. per hour
Variable OH	: 150% of direct wages
Fixed OH (total)	: Rs. 750
Selling price	X = Rs.25 Y = Rs. 20

The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mixes in the budget for the next period.

- 250 units of X and 250 units of Y
- 400 units of Y only
- 400 units of X and 100 units
- 150 units of X and 350 units of Y

State which of the alternative sales mixes you would recommend to the management.

19. A gang of workers usually consists of 10 men, 5 women and 5 boys in a factory. They are paid at standard hourly rates of Rs. 1.25, Re0.80 and Re. 0.70 respectively.

In a normal working week of 40 hours, the gang is expected to produce 1,000 units of output

In a certain week, the gang consisted of 13 men, 4 women and 3 boys. Actual wages paid @ Rs. 1.20, Re. 0.85 and Re. 0.65 respectively.

Two hours were lost due to abnormal idle time and 960 units of output were produced. Calculate all possible labour variances.

20. Prepare cash budget for the months of May, June and July 2019 on the basis of the following information.

Income and Expenditure forecasts:

Month	credit	credit	wages	Expenses		
	sales	Purchases		Manufacturing	office	selling
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,000

Additional information:

- a) Cash balance on 1st May 2019 Rs. 8,000
- b) Plant costing Rs. 16,000 is due for delivery in July: Payable 10% on delivery and balance after 3 months
- c) Advance tax of Rs. 8,000 each is payable in March and June
- d) Period of credit allowed by suppliers – two months and to customers – one month
- e) Lag in payment of manufacturing expenses – ½ months
- f) Lag in payment of office and selling expenses – 1 month

21. From the following ratios and values, prepare a Balance Sheet of S N Ltd., as on 31.12.2019

Working capital	Rs. 75,000
Reserves and surplus	Rs. 1,00,000
Bank overdraft	Rs. 60,000
Current ratio	1.75 times
Liquid ratio	1.15 times
Fixed assets to proprietors fund	0.75 long term liabilities
