

**STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 600 086**

**(For candidates admitted during the academic year 2019-20 and thereafter)**

**COURSE CODE: 19CM/MC/MA34**

**B.COM DEGREE EXAMINATION - DEC 2020**

**COMMERCE – SHIFT II**

**THIRD SEMESTER**

**COURSE : MAJOR CORE**

**PAPER : MANAGEMENT ACCOUNTING**

**TIME : 90 MINUTES**

**MAX. MARKS: 50**

**Section – A**

**Answer all questions:**

**(3 x 2 = 6)**

1. Define Management accounting.
2. What is a Flexible Budget?
3. From the following details, state which product is more profitable to manufacture?

Assume, time as key factor.

Particulars	Product A (per unit) Rs.	Product B (per unit) Rs.
Materials	20	12
Labour (Re. 1 per hr)	2	3
Variable overheads (Rs.2 per hr)	4	6
Sale price	80	100
Standard time to produce (in hrs)	2	3

**Section – B**

**Answer any three questions:**

**(3 x 8 = 24)**

4. The monthly Budget for manufacturing overheads of a concern for a level of activity were as follows:

Capacity	100%
Budgeted production(Units)	2,000
	Rs.
Indirect wages	4,000
Consumable stores	3,000
Maintenance	3,000
Power and Fuel	4,000
Depreciation	8,000
Insurance	<u>2,000</u>
Total	<u>24,000</u>

You are required to:

- i) Indicate which of the items are fixed, variable and semi-variable;
- ii) Prepare a budget for 70% capacity and
- iii) Find the total cost, both fixed and variable, per unit of output at 70% and 100% capacity.

5. Milton Ltd places before you the following trading results:

Year	Units	Total cost	Sales
2018	20,000	1,60,000	2,00,000
2019	24,000	1,80,000	2,40,000

Find out the following:

- P/V Ratio
- BEP both in units and amount
- Fixed cost
- Margin of safety in the year 2019.

6. ABC ltd company has the following costs and output data for the last year

Particulars	Products		
	X	Y	Z
Sales mix	45%	40%	15%
	Rs.	Rs.	Rs.
Selling price per unit	30	35	40
Variable cost per unit	15	20	23

Total fixed costs Rs. 2,00,000

Total sales Rs. 8,00,000

The company proposes to replace product Z by product T. Estimated cost and output data are:

Particulars	Products		
	X	Y	T
Sales mix	55%	35%	10%
	Rs.	Rs.	Rs.
Selling price per unit	30	35	38
Variable cost per unit	15	20	19

Total fixed costs Rs. 2,00,000

Total sales Rs. 8,00,000

Analyse the proposed change and suggest what decision the company should take.

7. From the following data calculate overhead variance:

Particulars	Budgeted	Actual
Output	18,000 units	20,000 units
Fixed overheads	Rs. 40,000	Rs. 42,000
Variable overheads	Rs. 55,000	Rs. 57,000

## SECTION – C

Answer any one question:

(1 x 20 = 20)

8. Prepare cash budget for the months of March, April and May 2019 on the basis of the following information.

a) Income and Expenditure forecasts:

Months 2019	Credit Sales in Rs.	Credit Purchases in Rs.	Wages in Rs	Manufacturing Expenses in Rs.	Office Expenses in Rs.	Selling Expenses in Rs.
January	80,000	46,000	12,000	5,000	3,000	5,000
February	82,000	48,000	11,000	4,000	2,500	6,000
March	84,000	43,000	13,000	5,500	3,500	5,500
April	78,000	45,000	11,500	4,500	3,000	4,500
May	76,000	49,000	12,500	5,000	2,000	5,500
June	80,000	44,000	11,000	4,000	2,500	5,000

b) Cash balance on 1st March 2019 Rs. 16,000.

c) Plant costing Rs. 32,000 is due for delivery in May: Payable 20% on delivery and balance after 2 months.

d) Advance tax of Rs. 10,000 each payable in January and April.

e) Period of credit allowed (i) by suppliers 2 months (ii) to customers 1 month.

f) Lag in payment of manufacturing expenses  $\frac{1}{2}$  month.

g) Lag in payment of office and selling expenses 1 month.

9. A gang of workers usually consist of 15 men, 10 women and 5 boys in a factory. They are paid at standard hourly rates of Rs. 1.50, Rs. 1 and 0.70 paise respectively. In a normal week of 40 hours, the gang is expected to produce 1,000 units of output. In a certain week, the gang consisted of 18 men, 9 women and 3 boys. Actual wages were paid at the rate of Rs. 1.40, Rs.1.10 and 0.65 paise respectively. Two hours were lost due to abnormal idle time and 960 units of output were produced. Calculate all the possible labour variance.

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