STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019-2020 and thereafter)

SUBJECT CODE: 19CM/MC/MA34

B.Com DEGREE EXAMINATION NOVEMBER 2022
COMMERCE
THIRD SEMESTER

COURSE	**:**	**MAJOR CORE**	
PAPER	**:**	**MANAGEMENT ACCOUNTING**	
TIME	**:**	**3 HOURS**	**MAX. MARKS: 100**

SECTION - A

Answer ALL questions: **(10x2=20)**

1) Define Management Accounting.
2) What is a key factor?
3) What is 'Budgetary Control'?
4) Define Marginal Costing.
5) Mention any four advantages of Standard Costing.
6) You are required to prepare a production budget from the following:

Products	Budgeted sales quantity	Opening stock	Closing stock
	Units	**Units**	**Units**
Product A	50,000	6,000	10,000
Product B	48,000	12,000	8,000

7) From the following estimated information, prepare a Cash Budget for June 2016:

	Rs.
Cash in hand on 1.6.2016	20,000
Cash purchases for June 2016	1,40,000
Cash sales for June 2016	2,00,000
Interest payable in June 2016	2,000
Purchase of office furniture in June 2016	5,000

8) The sales turnover and profits during two periods are as under:
   Period I: Sales Rs. 20,00,000; Profit Rs. 2,00,000
   Period II: Sales Rs. 30,00,000; Profit Rs. 4,00,000
   Calculate P/V Ratio.

9) From the following details find out Margin of Safety.

	Rs.
Sales	1,00,000
Total costs	80,000
Fixed costs	20,000
Net Profit	20,000

10) Given that the cost standards for materials consumption are 10 kgs at Rs. 4 per kg. Compute the variances when actuals are 12 kgs at Rs. 4.50 per kg.

SECTION - B

Answer any FIVE questions: **(5x8=40)**

11) Distinguish between Management Accounting and Cost Accounting.
12) Explain the following terms
    a. Contribution c. Sales Variance
    b. Margin of Safety d. Semi Variable expenses
13) Draw up a flexible budget for production at 75% on the basis of the following data for a 50% activity.

	Rs. Per unit
Materials	100
Labour	50
Variable expenses	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production	1,000 units

14) A T.V manufacturer finds that while it cost 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 is as follows:

	Rs.
Material	275
Labour	175
Other variable costs	50
Fixed costs	125
	625

    a) Should he make or buy the component?
    b) What would be your decision if the supplier offers the component at Rs. 485 each?

15) A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 2019. The following were the budgeted expenses and revenue.

Material	Rs. 15 per unit
Labour	Rs. 10 per unit
Works Expenses (Fixed)	Rs. 40,000
(Variable)	Rs. 4 per unit
General Expenses (all Fixed)	Rs. 60,000

Profit is 20% on sale price.
Prepare Budget for 2019 showing the costs and profit for 10,000 units.

16) From the following data, calculate Material Yield Variance

	Standard mix	Actual mix
Material A	200 units at Rs.12	160 units at Rs. 13
Material B	100 units at Rs. 10	140 units at Rs. 10

Standard loss allowed is 10% of output. Actual output is 275 units.

17) Calculate labour cost and rate variance from the following data:
    Standard hours: 80
    Rate: Rs. 6 per hour
    Actual hours: 100
    Rate: Rs. 8 per hour

SECTION – C

Answer any TWO questions: (2x20=40)

18) Discuss the nature and scope of Management Accounting. Explain the functions and advantages of Management Accounting.

19) Prepare a Cash Budget for the period April – June from the following data.

Months	Sales	Purchases	Wages
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

i) 50% of credit sales is realized in the month following the sale and the other 50% in the second month following. Creditors are paid in the month following the month of purchase.
ii) Wages are paid at the end of the respective month.
iii) Cash at bank – 1st April – Rs. 25,000.

20) Reliance battery Co. furnished you the following information:

	First year Rs.	Second year Rs.
Sales	8,10,000	10,26,000
Profit	21,600	64,800

From the above you are required to compute the following assuming that the fixed cost remains the same in both the periods:

a) Profit volume ratio
b) Fixed cost
c) The amount of profit or loss when sales are Rs. 6,48,000
d) The amount of sale to earn a profit of Rs. 1,08,000
e) Sales at Break- even point

21) A company manufacturing 'distemper' operates standard costing system. The standard cost card for one of the products of the company shows the following material standards.

Materials	Quantity	Standard price per kg Rs.	Total Rs.
A	40Kg	75	3,000
B	10Kg	50	500
C	50Kg	20	1,000
	100 Kg		4,500

The standard input mix is 100 Kg and the standard output is 90 Kg.

The actual results for a period are:

Material used:

A	= 2,400 kg at Rs. 80 per kg
B	= 400 kg at Rs. 52 per kg
C	= 2,200 kg at Rs. 21 per kg
Actual output	= 4,200 kg

You are required to calculate the Material cost, price, usage, mix and yield variances.

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