STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-2016)

SUBJECT CODE: 15CM/MC/MA34
B.Com./B.Com.(C.S) DEGREE EXAMINATION NOVEMBER 2016
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. Define Management Accounting.
2. What is vertical analysis of financial statement?
3. What is "key factor"?
4. Write a note on Zero Base Budgeting (Z.B.B).
5. Distinguish between 'Variable cost' and 'Fixed cost'.
6. Calculate Material price Variance from the Following:
   Standard : 2,740 units at Rs.15 each
   Actual : 3,000 units at Rs.17 each

7. Prepare Production Budget for the Quarter ending 31st March 2004:

Tons.

Budgeted sales for the Quarter	40,000
Stock on 31st Dec. 2003	8,000
Required stock on 31st March 2004	10,000

8. What is the Breakeven point when P / V Ratio is 40% and Fixed cost is Rs.5,00,000?
9. Current Ratio - 2.5, Working Capital Rs.60,000. Calculate the amount of the current assets and current liabilities.
10. Ascertain contribution:
    Sales Rs.12,00,000
    P/V Ratio 35%

SECTION – B

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

11. Explain the uses of Management Accounting.
12. Explain the merits and demerits of Marginal Costing.
13. From the information, calculate
    (a) Break – even point
    (b) Number of units that must be sold to earn a profit of Rs. 3, 60,000 per year.
    (c) Number of units that must be sold to earn a net income of 10% on sales.

Sales price	–	Rs.20 per unit.
Variable cost	–	Rs.14 per unit
Fixed cost	–	Rs.79,200

14. A company produces a standard product. The estimated costs per units are as follows:
Raw materials - Rs.4.00; wages - Rs.2.00; Variable overhead - Rs.5.00
The semi - variable costs are: Indirect material - Rs.235; Repair - Rs.570
Indirect labour - Rs.156.
The per unit variable costs included in semi - variable costs are as follows:
Indirect materials Re.0.05; Labour Rs.0.08; and repair Rs.0.10.
The fixed costs are: factory Rs.2,000; Administration Rs.3,000.
Selling and distribution: Rs.2,500.
The above costs are for 70% of normal capacity producing 700 units. The selling price is Rs.20 per unit. From the above information prepare flexible budget for 80% and 100% normal capacities.

15. From the following date, calculate labour variances:
Budgeted labour for completing job X:
8 skilled workers at Rs.10per hour for 20 hours
12 unskilled workers at Rs.8 per hour for 20 hours
Actual labour for completing job X:
12 skilled workers at Rs.11 per hour for 20 hours
13 unskilled workers at Rs.7 per hour for 20 hours.

16. The following particulars are taken from the records of a company engaged in manufacturing two products X and Y from a certain raw material:

	Product X (Rs. per unit)	Product Y (Rs. per unit)
Sales	125.00	250.00
Material cost (Rs. 2.5 per kg)	25.00	62.50
Wages (Rs. 15 per hour)	37.50	75.00
Variable overhead	12.50	25.00

Total fixed overheads Rs. 50,000.
Comment on the profitability of each product when:
(a) Total availability of raw material is 20,000 kgs and maximum sales potential of each product is 1,000 units. Find the product mix to yield maximum profit. Determine the maximum profit.
(b) Total sales in value is limited.
(c) Labour Time is limited
(d) Production capacity in units is a key factor.

17. Sudeesh& Co. Ltd., furnishes its balance sheet for the years 2014 and 2015 and request you to prepare a comparative balance sheet for those years.

Balance Sheets

Liabilities	2014 Rs.	2015 Rs.	Assets	2014 Rs.	2015 Rs.
Equity share capital	80,000	80,000	Land & Buildings	80,000	74,000
8% Debentures	80,000	90,000	Plant & Machinery	60,000	54,000
Retained Earnings	40,000	49,000	Furniture	20,000	28,000
Sundry Creditors	50,000	70,000	Inventory	40,000	60,000
Bills Payable	10,000	15,000	Debtors	40,000	80,000
			Cash	20,000	8,000
	2,60,000	3,04,000		2,60,000	3,04,000

SECTION – C

Answer any TWO questions: **(2x20=40)**

18. From the following Balance Sheet prepare a funds flow statement:

Balance Sheet

Liabilities	2015 Rs.	Assets	2015 Rs.
Share Capital	7,00,000	Fixed Assets	9,50,000
10% Preference Share capital	2,50,000	Investment	1,80,000
P&L A/c	2,00,000	Stock	2,60,000
7% Debentures	2,00,000	Debtors	2,45,000
Creditors	2,50,000	Bills Receivable	65,000
Bills payable	12,000	Prepaid expenses	12,000
Proposed dividend	35,000	Discount ondebentures	10,000
Provision for tax	75,000		
	17,22,000		17,22,000

Calculate:
1. Current ratio 2. Acid Test ratio 3. Absolute Liquid ratio 4. Debt-Equity ratio
5. Fixed Assets ratio 6. Proprietary ratio 7. Capital Gearing ratio

19. A firm expects to have Rs.25.000 in bank 1st may 2002 and requires you to prepare and estimate of cash position during the 3 months. May – July 2002.

Month	Sales Rs.	Purchases Rs.	Wages Rs.	FactoryExpenses Rs.	OfficeExpenses Rs.	SellingExpenses Rs.
March	50,000	30,000	6,000	5,000	4,000	3,000
April	56,000	32,000	6,500	5,500	4,000	3,000
May	60,000	35,000	7,000	6,000	4,000	3,500
June	80,000	40,000	9,000	7,500	4,000	4,500
July	90,000	40,000	9,500	8,000	4,000	4,500

Other information:

(a) 20% of sales is for cash; remaining amount is collected in the month following that of sale.
(b) Suppliers supply goods at 2 months credit.
(c) All expenses are paid in the month following the one which they are incurred
(d) The company pays dividends to shareholders and bonus to workers of Rs.10,000 and Rs. 15,000 respectively in the month of may.
(e) Plant has been ordered and is expected to be received in June. It will cost Rs.80,000
(f) Income tax Rs.25,000 is payable in July.

20. A company manufactures a particular product the standard material cost of which is Rs.10 per unit. The following information is obtained from is obtained from the cost records.

(i) Standard mix

Material	Quantity Units	Rate Rs.	Amount Rs.
A	70	10	700
B	30	5	150
	100		850
Loss 15%	15		-
	85		850

(ii) Actual result for January 1987:

Material	Quantity Units	Rate Rs.	Amount Rs.
A	400	11	4,400
B	200	6	1,200
	600		5,600
Loss 10%	60		-
	540		5,600

Calculate: (1) Material price variance (2) Material mix variance (3) Material usage Variance (4) Material yield variance (5) Materialcost variance

21. Prepare a balance sheet with as many details as possible from the following information:

Gross profit ratio	- 20%
Debtorsturnover	- 6 times
Fixed assets to net worth	- 0.80
Reserves to capital	- 0.50
Current ratio	- 2.50
Liquid ratio	- 1.50
Net working capital	- Rs.3,00,000
Stock turnover ratio	- 6 times

****