

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 2017
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 the term 'Management Accounting.'
- 2) What is vertical analysis in financial statement analysis?
- 3) Write a short note on Return on Investment (ROI).
- 4) Define the term 'Standard Costing.'
- 5) What is meant by 'Variance Analysis'?
- 6) Ganesh purchased and used 800 tons of a chemical at Rs. 40 per ton where as the standard price fixed was Rs. 48 per ton. Calculate the material price variance.
- 7) Ascertain cash paid in June 2017:
Purchases: April Rs. 60,000
 May Rs. 75,000
 June Rs. 50,000
Credit Terms: Purchases are 50% on Cash basis and the balance payable after a lag of Two months.
- 8) Ascertain Contribution:
Sales = Rs. 12,00,000
P/V Ratio = 35%
- 9) For Tamarind Company Limited, Current Liabilities are Rs. 50,000; Quick Ratio is 1.5:1 and Inventory is Rs. 25,000. Calculate Current Assets.
- 10) How do you show the following items in Comparative Income Statement?

Particulars	31/03/2016 (Rs.)	31/03/2017 (Rs.)
Sales	10,00,000	12,00,000
Cost of Sales	8,00,000	10,50,000

SECTION – B

Answer any FIVE questions:

(5x8=40)

- 11) Explain the scope of management accounting.
- 12) Explain the limitations of marginal costing.
- 13) The following are the Income Statements of XYZ Company Limited for the years 2015 and 2016. Prepare Common-Size Income Statement for the two years.

**Trading and Profit and Loss Account of XYZ Company Limited as on 31/03/2015
and 31/03/2016**

Particulars	2015 (Rs.)	2016 (Rs.)	Particulars	2015 (Rs.)	2016 (Rs.)
To Cost of Sales	2,40,000	3,50,000	By Sales	4,00,000	5,00,000
To Gross Profit c/d	1,60,000	1,50,000			
	4,00,000	5,00,000		4,00,000	5,00,000
To Operating Expenses:			By Gross Profit b/d	1,60,000	1,50,000
Administration	25,000	30,000	By Interest on Investment	20,000	50,000
Selling	15,000	20,000			
Distribution	10,000	10,000			
To Non-Operating Expenses:					
Finance	20,000	20,000			
Goodwill written off	10,000	NIL			
To Net Profit	1,00,000	1,20,000			
	1,80,000	2,00,000		1,80,000	2,00,000

- 14) Pankajam Limited sell goods on cash as well as on credit basis. The following information is extracted from their books of accounts on 2016:

Particulars	Rs.
Total sales	1,00,000
Cash sales (included in the above)	20,000
Sales returns	7,000
Total debtors for sales as on 31/12/2016	9,000
Bills receivables as on 31/12/2016	2,000
Provision for doubtful debts	1,000
Trade creditors as on 31/12/2016	10,000

You are required to calculate:

- Debtors / Receivables Turnover Ratio and
 - The Average Collection Period
- 15) From the following information calculate:
- Break-even point.
 - Number of units that must be sold to earn a profit of Rs. 60,000 per year.
 - Number of units that must be sold to earn a net income of 10% on sales.
- Sale price - Rs. 20 per unit
Variable cost - Rs. 14 per unit
Fixed cost - Rs. 79,200
- 16) A gang of workers usually consists of 10 men, 5 women and 5 boys in a factory. They are paid at standard hourly rate of Rs. 1.25, Re. 0.80 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 were paid at the rate of 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.
- 17) Prepare a flexible budget for overheads on the basis of the following data. Ascertain overheads rates at 50%, 60% and 70% capacity.

Variable Overheads at 60% capacity	
Particulars	Rs.
Indirect material	6,000
Indirect labour	18,000
Semi-variable overheads	
Electricity (40% fixed and 60% variable)	30,000
Repairs (80% fixed and 20% variable)	3,000
Fixed overheads	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labours	1,86,000

SECTION – C

Answer any TWO questions:

(2x20=40)

- 18) Prepare a balance sheet with as many details as possible from the following information:

Gross profit	20%
Debtors' turnover	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

- 19) AG Limited furnished you the following related to the year 2017.

Particulars	First half of the year (Rs.)	Second half of the year (Rs.)
Sales	45,000	50,000
Total cost	40,000	43,000

Assuming that there is no change in price and variable cost and that the fixed expenses are incurred equally in the 2 half year periods, calculate for the year 2017:

- The profit volume ratio
 - Fixed expenses
 - Break even sales and
 - Percentage of margin to safety
- 20) A company manufactures a particular product the standard material cost of which is Rs. 10 per unit. The following information is obtained from the cost records:

Standard Mix

Material	Quantity units	Rate (Rs.)	Amount (Rs.)
A	70	10	700
B	30	5	150
	100		850
Loss 15%	15		
Total	85		850

Actual result for January 2017:

Material	Quantity units	Rate (Rs.)	Amount (Rs.)
A	400	11	4,400
B	200	6	1,200
	600		5,600
Loss 10%	60		
Total	540		5,600

Calculate:

- (a) Material price variance
 - (b) Material mix variance
 - (c) Material usage variance
 - (d) Material yield variance
 - (e) Material cost variance
- 21) From the following data forecast the cash position at the end of April, May and June 2017.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Sales expenses (Rs.)
February	1,20,000	80,000	10,000	7,000
March	1,30,000	98,000	12,000	9,000
April	70,000	1,00,000	8,000	5,000
May	1,16,000	1,03,000	10,000	10,000
June	85,000	80,000	8,000	6,000

Further information:

- Sales at 10% realised in the month of sales. Balance equally realised in two subsequent months.
- Purchases: Creditors are paid in the month following the month of supply.
- Wages: 20% paid in arrears in the following month.
- Sundry expenses paid in the same month itself.
- Income tax Rs. 20,000 payable in June.
- Dividend Rs. 12,000 payable in June.
- Income from investment Rs. 2,000 received half-yearly in March and September.
- Cash balance on hand as on 01/04/2017 is Rs. 40,000.
