THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)
Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

MANAGEMENT ACCOUNTING

PCO 4607 **Maximum Marks: 75**
Duration: 3hours

Answer any FIVE of the following (5X15=75)

1. Differentiate Management Accounting from Financial Accounting.
2. From the following profit and loss account prepare a common size income statement and interpret that.

Particulars	2007	2008
Gross sales	7,25,000	8,15,000
Less: Sales return	25,000	15,000
Net sales	7,00,000	8,00,000
Cost of sales	5,95,000	6,15,000
GROSS PROFIT(A)	1,05,000	1,85,000
Operating expenses(B)		
Selling and Distribution	23,000	24,000
Administrative	12,700	12,500
	35,700	36,500
Operating income(A-B)	69,300	1,48,500
Other incomes	1,200	8,050
	70,500	1,56,550
Non-operating expenses	1,750	1,940
NET PROFIT	68,750	1,54,610

3. Prepare a fund flow statement from the following balance sheet as on 31st March;

Liabilities	2008	2009	Assets	2008	2009
Equity capital	5,000	5,300	Cash	2,000	2,500
Ling-term debt	1,400	1,300	Accounts receivable	2,400	2,700
Retained earing	2,800	3,700	Inventories	3,100	3,200
Accumulated depreciation	2,100	2,500	Other current assets	800	700
Accounts payable	2,000	2,100	Fixed assets	5,000	5,800
	13,300	**14,900**		**13,300**	**14,900**

Additional information:

a. Fixed assets costing Rs.1,200 were purchased for cash.
b. Fixed assets (original cost Rs.400; accumulated depreciation Rs.150) were sold at book value.
c. Depreciation for the year 2009 amounted to Rs.550 is debited to profit and loss account.
d. Dividend paid amounted to Rs.300 in 2009.

4. Discuss the application of marginal costing for managerial decisions.

5. Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50%, 60% and 70% capacity.

Particulars	**At 60 % capacity**
Variable overheads:	
Indirect materials	6,000
Indirect labour	18,000
Semi – variable overhead:	
Electricity(40% fixed 60% variable)	30,000
Repair (80% fixed 20% variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hour	1,86,000

6. From the following information, calculate Material Variances:

Materials	**Standard quantity**	**Actual quantity**	**Standard price per unit**	**Actual price per unit**
X	600	640	0.15	0.20
Y	800	960	0.20	0.15
Z	1000	840	0.25	0.30

7. From the following forecasts of income and expenditure prepare a cash budget for the three months commencing 1st June, when the bank balance was Rs.1,00,000.

Month	**Sales**	**Purchase**	**Wages**	**Factory Expenses**	**Admi&sell exp**
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

A sales commission of 5% on sales, due two months after sales, is payable in addition to selling expenses. Plant valued at Rs. 65,000 will be purchased and paid for in August, and the divided for the last financial year of Rs. 15,000 will be paid in July. There is a two month credit period allowed to customers and received from suppliers. *************