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ALL SAINTS COLLEGE LIBRARY
No.
TRIVANDRUM

N – 1486

Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2022

First Degree Programme under CBCSS

Core Course : CO 1643/CX 1643/TT 1643/HM 1643/CC 1643

MANAGEMENT ACCOUNTING

(2018 & 2019 Admission)

(Common for Commerce/Commerce and Tax Procedure and Practice/Commerce and Tourism and Travel Management/Commerce and Hotel Management and Catering/Commerce with Computer Applications)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Very Short answer. Answer **all** questions. **Each** question carries **1** mark. (one sentence to maximum **two** sentences).

1. Define management accounting.
2. Define Fund flow statement.
3. What is capital budgeting?
4. What is pay-back period?
5. Define capital rationing.
6. What is budget?
7. What is functional budget?

P.T.O.

8. What is risk?

9. What is cash flow statement?

10. What is cost benefit analysis?

(10 × 1 = 10 Marks)

SECTION – B

Short Answer. Answer **any eight** questions. Each question carries **2** marks. (Not to exceed **one** paragraph)

11. List the functions of budget committee.

12. What is master budget?

13. What is zero based budget?

14. What is decision tree?

15. Define decision making.

16. Give five example for application of fund in business.

17. What are the limitations of cash flow statements?

18. What are the advantages of Net Present Value method?

19. List out the importance of capital budgeting.

20. What are the importance of management accounting?

21. Define opportunity cost.

22. Prepare provision for taxation account from the following information.

Opening provision - Rs. 40,000, Provision created during the year - Rs. 25,00
Income tax paid — Rs. 30,000.

23. A chemical company has net sales of Rs. 50 lakhs, cash expenses (including taxes) of Rs.35 lakhs and depreciation expenses of Rs.5 lakhs. If debtors decrease over the period by Rs.6 lakhs, what is its cash from operations?

24. XYZ reported a net income of Rs. 45,25,000. During the year, it wrote off Rs. 4,25,000 in depreciation and Rs. 2,35,000 in amortization costs. It also earned interest of Rs. 7,00,000 on its investment portfolio. Compute funds from operations.

25. Calculate collection from debtors from the following information.

    Opening debtors - Rs. 20,000, Credit sales - Rs. 4,40,000, Bills drawn - Rs. 4000, Closing debtors - Rs. 46,000

26. A project costs Rs.1,00,000 and yields an annual cash inflow of Rs. 20,000 for 8 years. Calculate its pay-back period.

(8 × 2 = 16 Marks)

SECTION – C

Short Essay. Answer **any six** questions. Each question carries **4** marks. (Not to exceed **120** words).

27. What are the characteristics of management accounting?

28. Distinguish between fund flow statement and cash flow statement.

29. What is budget manual? What does a budget manual contains?

30. What is capital expenditure control? What are its objectives?

31. Distinguish between fixed budget and flexible budget.

32. Differentiate between cost benefit analysis and cost effectiveness analysis.

33. From the following figures prepare raw material purchase budget for January 2018

	Materials in units			
	A	B	C	D
Estimated stock on Jan 1	16,000	6,000	24,000	2,000
Estimated stock on Jan 31	20,000	8,000	28,000	4,000
Estimated consumption	1,20,000	44,000	1,32,000	36,000
Std. Price per unit	0.25	0.05	0.15	0.10

34. From the following balances you are required to calculate cash from operation.

	31.12.2012	31.12.2013
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	–	1,30,000

35. From the following profit and loss account, compute the funds from operations :

Profit and Loss account

	Rs.		Rs.
To Salaries	5,000	By Gross Profit b/d	1,000
To Rent	2,000	By Rent	5,000
To Depreciation	1,000	By Interest on Investments	4,000
To Preliminary expenses	2,000	By Net loss	5,000
To Loss on sale of land	5,000		
	15,000		15,000

36. Calculate net cash flows from investing activities from the following information :

	31.2.2017	31.3.2018
Buildings (w.d.v)	6,00,000	7,50,000

Additional Information :

(a) Building costing Rs. 1,00,000 on which Rs. 30,000 had accumulated as depreciation was sold for Rs. 60,000.

(b) Depreciation charged on buildings for the year ended 31.3.2018 Rs. 50,000.

37. Cash flow of a certain project along with cash outflow are given below:

Year	Outflow	Inflow
0	1,50,000	–
1	30,000	20,000
2		30,000
3		60,000
4		80,000
5		30,000

Required rate of return is 10%. The salvage value at the end of the fifth year is Rs. 40,000. Calculate the NPV.

38. From the information given below, prepare a manufacturing overhead budget for the quarter ending December 31, 2018 :

Budget output during the quarter : 5,000 units

Fixed overheads : Rs. 30,000

Variable Overheads (varying at the rate of Rs. 5 per unit) : Rs. 15,000

Semi-Variable Overheads (40% fixed and 60%varying @ Rs. 3 per unit)

(6 × 4 = 24 Marks)

SECTION – D

Long Essay. Answer **any two** questions. Each question carries **15** marks.

39. What are the objectives and scope of management accounting?

40. What are the requisite for the good budgetary control system? What are its essentials?

41. From the following Balance Sheets of the Company for the ending 31st December 2016 and 31st December 2017, prepare schedule of changes in working capital and a statement showing sources and application of funds.

Liabilities	2016	2017	Assets	2016	2017
	Rs.	Rs.		Rs.	Rs.
Share capital	3,00,000	4,00,000	Plant and machinery	50,000	60,000
Sundry creditors	1,00,000	70,000	Furniture and Fixtures	10,000	15,000
P/L A/c	15,000	30,000	Stock-in-trade	85,000	1,05,000
			Debtors	1,60,000	1,50,000
			Cash	1,10,000	1,70,000
	4,15,000	5,00,000		4,15,000	5,00,000

42. From the summary Cash Amount of Sunny Ltd. prepare Cash Flow Statement for the year ended 31st March, 2018 using the direct method. The company does not have any cash equivalents.

Summary Cash Account

(For the year ended 31.3.2018)

	Rs.		Rs.
Balance on 1.4.2017	1,00,000	Payment of suppliers	40,00,000
Issue of equity shares	6,00,000	Purchase of fixed assets	4,00,000
Receipts from customers	56,00,000	Overhead expenses	4,00,000
Sale of fixed assets	2,00,000	Wage and salaries	2,00,000
		Taxation	5,00,000
		Dividend	1,00,000
		Repayment of bank loan	6,00,000
		Balance on 31.3.2018	3,00,000
	65,00,000		65,00,000

43. Initial Investment — Rs. 60,000

Life of the asset — 4 years

Estimated Net Annual Cash flows : Rs.

1st Year — 15,000

2nd Year — 20,000

3rd Year — 30,000

4th Year — 20,000

Calculate Internal Rate of Return

44. PCT Ltd. provides you the following information at 80% capacity:

Production and Sales	2,000 units
Direct material	Re. 1.00 per unit
Direct labour	Re. 1.00 per unit
Diect expenses	Re. 0.80 per unit
Factory overheads (15% variable)	Rs. 2.00 per unit
Administrative overheads (80% fixed)	Rs. 2.00 per unit
Selling overheads (25% variable)	Rs. 2.00 per unit
Total cost	Rs. 8.80 per unit
Profit per unit	Rs. 1.20 per unit
Selling Price	Rs. 10.00 per unit

Required : Draw up a Flexible Budget at 60% and 90% capacity.

(2 × 15 = 30 Marks)
