

Reg. No. : 1591980502r

Name : .....Ashika A.....

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 &amp; 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. 25,000,  
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		
	<u>15,000</u>		<u>15,000</u>

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 31<sup>st</sup> December 2016 and 31<sup>st</sup> December 2017, prepare schedule of changes in working capital and a statement showing sources and application of funds.

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 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
	<u>4,15,000</u>	<u>5,00,000</u>		<u>4,15,000</u>	<u>5,00,000</u>

42. From the summary Cash Amount of Sunny Ltd. prepare Cash Flow Statement for the year ended 31<sup>st</sup> 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
	<u>65,00,000</u>		<u>65,00,000</u>

43. Initial Investment	Rs. 60,000
Life of the asset	4 years
Estimated Net Annual Cash flows :	Rs.
1 <sup>st</sup> Year	15,000
2 <sup>nd</sup> Year	20,000
3 <sup>rd</sup> Year	30,000
4 <sup>th</sup> 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
Direct 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)

Reg. No. : .....

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**Sixth Semester B.Com. Degree Examination, March 2020**

**First Degree Programme under CBCSS**

**Core Course : CO 1643/CX 1643/TT 1643/HM 1643/CC 1642**

**MANAGEMENT ACCOUNTING**

**(Common for Commerce/Commerce and Tax Procedure and Practice/  
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Management and Catering/ Commerce with Computer Applications)**

**(2013 Admission onwards)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer all questions. Each question carries 1 mark.

1. Define management accounting.
2. State any two differences between management accounting and cost accounting.
3. What is a common size balance sheet?
4. Define accounting ratio.
5. What is meant by internal analysis?
6. What is a cash flow statement?
7. State the meaning of 'fund'.
8. What is debt service coverage ratio?
9. List any two objectives of reporting.
10. What is price earnings ratio?

**(10 × 1 = 10 Marks)**

P.T.O.



## SECTION – B

Answer **any eight** questions. **Each** question carries **2** marks.

11. Explain briefly limitations of ratio analysis.
12. How do you ascertain funds from operations?
13. What is trend analysis?
14. Explain briefly operating ratios.
15. State any four uses of preparing cash flow statement.
16. What is rolling budget?
17. What are the forms of reporting?
18. From the following data find out current assets.  
Current ratio 2; Working capital Rs. 2,00,000; Liquid ratio 1.
19. From the following information find out closing stock and opening stock.  
Average stock Rs. 50,000; Opening stock is Rs. 10,000 more than closing stock.
20. Calculate operating profit ratio.  
Cost of goods sold Rs. 10,50,000; Administration expenses Rs. 1,10,000; Selling and distribution expenses Rs. 1,00,000; Expenses of financing Rs. 20,000; Net sales Rs. 18,00,000.
21. Calculate fund from operations.  
Current year profit Rs. 50,000; Depreciation on Plant and Machinery Rs. 15,000; Profit on sale of machinery Rs. 10,000.
22. Prepare a common-size statement from the following data :  
Total Liabilities Rs. 25,00,000; Equity share capital Rs. 15,00,000; General reserve Rs. 2,50,000; Debentures Rs. 5,00,000; Current liabilities Rs. 2,50,000.

**(8 × 2 = 16 Marks)**

## SECTION – C

Answer any six questions. Each question carries 4 marks.

23. Explain the various functions of management accounting.
24. Distinguish between funds flow analysis and cash flow analysis.
25. Explain briefly the tools of financial statement analysis.
26. From the following figures calculate creditors turnover ratio and average debt payment period in months :

	Rs.
Credit purchases during 2019	1,05,000
Purchase returns	5,000
Creditors on 1.1.2019	20,000
Creditors on 31.12.2019	10,000
Bills payable 1.1.2019	4,000
Bills payable	6,000

27. From the following details prepare a schedule of changes in working capital during 2019 :

Liabilities	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.
Share capital	5,00,000	6,00,000		
Reserves	1,50,000	1,80,000		
Profit and Loss A/c	40,000	65,000		

Liabilities	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.
Debentures	3,00,000	2,50,000		
Creditors for goods	1,70,000	1,60,000		
Provision for tax	60,000	80,000		
<b>Assets :</b>				
Fixed assets			10,00,000	11,20,000
Less : Depreciation			<u>3,70,000</u>	<u>4,60,000</u>
			6,30,000	6,60,000
Stock			2,40,000	3,70,000
Book debts			2,50,000	2,30,000
Cash in hand			80,000	60,000
Preliminary expenses			<u>20,000</u>	<u>15,000</u>
	<u>12,20,000</u>	<u>13,35,000</u>	<u>12,20,000</u>	<u>13,35,000</u>

28. Calculate trend ratios from the following figures of Mars Ltd. taking 2014 as the base.

Year	2014	2015	2016	2017	2018	2019
Sales (Rs.in lakhs)	1881	2340	2655	3021	3768	3950
Profit (Rs.in lakhs)	321	435	458	527	672	690

29. From the following information, calculate

- (a) Sales
- (b) Closing stock
- (c) Sundry creditors
- (d) Sundry debtors :

Gross Profit ratio	:	15%
Debtors velocity	:	3 months
Stock velocity	:	6 months
Creditors velocity	:	3 months

Gross profit for the year ending December 31<sup>st</sup> 2019 was Rs. 60,000. Closing stock is equal to opening stock.

30. From the following income statement of Z Ltd. Prepare a comparative income statement.

	31.03.2018 (Rs. in lakhs)	31.03.2019 (Rs. in lakhs)
Net sales	1370	1442
Cost of goods sold	838	926
Gross Profit	532	516
Operating expenses :		
Administrative expenses	94	92
Selling expenses	188	182
Operating profit	250	242

31. From the following data prepare a flexible budget for production of 40,000 units of Product X, distinctly showing variable and fixed cost as well as total cost.

Budgeted output and budgeted cost per unit	
Budgeted output : 1,00,000	Cost per unit
Direct material	90
Direct labour	45
Direct variable expenses	10
Manufacturing variable overhead	40
Fixed production overhead	5
Administration overhead (fixed)	5
Selling overhead	10 (10% fixed)
Distribution overhead	15 (20% fixed)

(6 × 4 = 24 Marks)

#### SECTION - D

Answer any two questions. Each question carries 15 marks.

32. What is reporting? What are the general principles to be observed while preparing reports? What are the requisites of a good report?
33. Tech Kerala Ltd. commences business on 1<sup>st</sup> April, 2019 and deposits Rs. 1,00,000 in Travancore Bank. The amount deposited would not be sufficient to finance its operations over a period of four months. As a Finance Officer, you are asked to prepare a cash budget from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> July, 2019 to ascertain the monthly overdraft limits to seek from the company's bankers.

Requisite data is as under :

- (a) Sales are made to one distributor only on 30 days terms, 2% discount and cheques are received on the first date following the due date.
- (b) Furniture purchases for Rs. 10,000 preferred to be made in April, 2019.
- (c) Budget figures are :

Particulars	April	May	June	July
Purchases	50,000	40,000	30,000	40,000
Wages	40,000	50,000	40,000	40,000
Cash expenses	4,000	5,000	4,000	4,000
Sales	60,000	70,000	80,000	80,000

All purchases are made on net 30 days' terms and cheques are posted to creditors on last day of the month due.

34. The summarized Balance Sheet of Sun Rise Ltd. for the year ended 31.3.2019 is given below :

Capital and Liabilities	Rs. lakhs	Assets	Rs.lakhs
Equity share capital	140	Fixed assets (at cost)	210
Reserves and surplus	45	Less : Depreciation	<u>25</u>
Profit and loss account	20		185
Provision for taxation	10	Current assets:	
Sundry creditors	40	Stock	25
		Debtors	30
		Cash	15
	<u>255</u>		<u>255</u>

The following further particulars are also given for the year

	Rs. lakhs
Sales	120
EBIT	30
Net profit after tax (PAT)	20

Calculate the following Ratios for the company :

- (a) Current ratio
  - (b) Liquidity ratio
  - (c) Profitability ratio
  - (d) Profitability on funds employed
  - (e) Debtors' turnover
  - (f) Stock turnover
  - (g) Average collection period
  - (h) Return on equity
35. From the following balance sheets and additional information, prepare
- (a) Schedule of changes in working capital and
  - (b) Statement of sources and application of funds as on 31.03.2019.

Liabilities	31.03.2018	31.03.2019	31.03.2018	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Equity share capital	3,00,000	3,50,000		
Preference share capital	2,00,000	1,00,000		
Debentures	1,00,000	2,00,000		
Profit & Loss a/c	1,10,000	2,70,000		
Provision for doubtful debts	10,000	15,000		
Current liabilities	70,000	1,45,000		
<b>Assets</b>				
Fixed assets (net)			5,10,000	6,20,000
Investments			30,000	80,000
Current assets			2,40,000	3,75,000
Discount on debentures			10,000	5,000
	<u>7,90,000</u>	<u>10,80,000</u>	<u>7,90,000</u>	<u>10,80,000</u>

You are informed that during the year :

- (i) A machine costing Rs. 70,000 (book value Rs. 40,000) was disposed of for Rs. 25,000.
- (ii) Preference share redemption was carried out at a premium of 5%.
- (iii) Dividend at 15% was paid on equity shares for the year 2019.



Further :

- (1) The provision for depreciation stood at Rs. 1,50,000 on 31.03.2018 and at Rs. 1,90,000 on 31.03.2019.
- (2) Stock which was valued at Rs. 90,000 as on 31.03.2018 was written up to its cost Rs. 1,00,000 for preparing the Profit and Loss account for 2019.

**(2 × 15 = 30 Marks)**



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**Sixth Semester B.Com. Degree Examination, April 2019**  
**First Degree Programme under CBCSS**  
**Core Course : CO 1643/CX 1643/ TT 1643/HM 1643/CC 1642**  
**MANAGEMENT ACCOUNTING**  
**(2013 Adm. Onwards)**

**(Common for Commerce/Commerce & 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**

Answer **all** the questions in **one** or **two** sentences **each**. **Each** question carries **1** mark.

1. Define Management Accounting.
2. Define Financial Statements.
3. What do you mean by trend ratio ?
4. What do you mean by EPS ?
5. What is P.E. Ratio ?
6. What do you mean by Fund ?
7. Explain the meaning of cash flow statement.
8. What is Master Budget ?
9. What is external reporting ?
10. What are internal reports ?

**(10×1=10 Marks)**

P.T.O.

## SECTION – B

Answer **any 8** of the following. **Each** question carries **2** marks.

11. Explain the methods of reporting.
12. Explain Financial reporting.
13. Differentiate a Budget from Budgeting and Budgetary control.
14. What is performance budgeting ?
15. How will you treat the following while calculating operating net profit for cash from operations ?
  - A) Loss on sale of machine
  - B) Depreciation.
16. How will you treat Preliminary expense written off and dividend paid while calculating operating net profit for cash from operations ?
17. Current liabilities of a company are 3 lakhs. Its current ratio is 3 : 1 and quick ratio is 1 : 1. Calculate the value of stock.
18. Determine debtors turnover ratio and average collection period.  
Total sales = 10 lakhs, Credit sales – 8 lakhs, Debtors – 1 lakh.
19. If average stock is 50,000 and closing stock is 12,000 more than opening stock. Calculate opening and closing stock.
20. Stock turnover ratio is 3 times. Average stock is Rs. 20,000/-. Calculate cost of goods sold and also sales if profit, earned is 25% of the cost.
21. What are the objectives of Management Accounting ?
22. What are the tools of Management Accounting ?

**(8×2=16 Marks)**

## SECTION - C

Answer any 6 of the following questions. Each question carries 4 marks.

23. Differentiate Financial Accounting from Management Accounting.
24. Distinguish between horizontal analysis and vertical analysis.
25. Given Current ratio = 2 : 8, Acid test ratio = 1 : 5, Working capital = 1,62,000; calculate, 1) current assets 2) current liabilities 3) liquid assets 4) stock.
26. From the following balance sheet of ABC Ltd., for the year ending 31-12-2013 and 31-12-2014. Prepare a schedule of changes in working capital.

<b>Balance Sheet</b>					
<b>Liabilities</b>	<b>2013</b>	<b>2014</b>	<b>Assets</b>	<b>2013</b>	<b>2014</b>
Share capital	4,00,000	5,75,000	Land & building	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
Profit & Loss A/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	1,43,000	2,70,000
	<b>5,20,000</b>	<b>6,76,000</b>		<b>5,20,000</b>	<b>6,76,000</b>

27. Following information is available from the books of Standard Company Ltd.

<b>Particulars</b>	<b>2015</b>	<b>2016</b>
Profit made during the year	-	2,50,000
Income received in advance	500	600
Prepaid expenses	1,600	1,400
Debtors	80,000	95,000
Bills receivables	25,000	20,000
Creditors	45,000	40,000
Bills payable	13,000	15,000
Outstanding expenses	2,500	2,000
Accrued income	1,500	1,200

Calculate cash from operation.



28. With the following data for 60% activity, prepare a flexible budget for production at 80% and 100% activity.

Production at 60% capacity	=	6000 units
Materials	=	Rs. 100/unit
Labour	=	Rs. 50/unit
Direct expenses	=	Rs. 20/unit
Factory overheads	=	Rs. 50,000 (40% fixed)
Administration overheads	=	Rs. 40,000 (60% fixed)
Selling overheads	=	Rs. 20,000 (50% fixed)

29. What do you mean by Reporting ? What are the essentials of a good reporting system ?

30. From the following Balance Sheets of Mejo Chemicals Ltd. as on 31-3-2009 and 31-3-2010, prepare a Comparative Balance Sheet.

<b>Liabilities</b>	<b>2009</b>	<b>2010</b>	<b>Assets</b>	<b>2009</b>	<b>2010</b>
Current liabilities	2,00,000	4,00,000	Fixed assets	12,00,000	18,00,000
Reserves	3,00,000	2,00,000	Less: Accumulated		
12% loan	5,00,000	8,00,000	Depreciation	<u>2,00,000</u>	<u>3,00,000</u>
Share Capital	5,00,000	10,00,000		10,00,000	15,00,000
			Current assets	5,00,000	9,00,000
	<b>15,00,000</b>	<b>24,00,000</b>		<b>15,00,000</b>	<b>24,00,000</b>

31. Profit and Loss Account of Person Ltd. for the year 2011 is given.

	<b>Rs.</b>		<b>Rs.</b>
To Salaries	72,000	By Gross profit b/d	3,40,000
To Rent, Insurance and taxes	40,000	By Interests on	
To Lighting expenses	20,000	investment	30,000

To Audit fees	10,000	By Profit on sale of	
To Depreciation	35,000	machinery	20,000
To Preliminary expenses written off	5,000	Refund of income tax	10,000
To Loss on sale of investment	3,000		
To Selling expenses	20,000		
To Provisions for tax	75,000		
To Net profit c/d	1,20,000		
	<b>4,00,000</b>		<b>4,00,000</b>

Calculate Funds from Operations.

(6×4=24 Marks)

#### SECTION – D

Answer any 2 of the following. Each question carries 15 marks.

32. With the following ratio and further information given below, prepare a Trading and Profit and Loss Account and a Balance Sheet of Sigma Agencies.

- i) Gross profit ratio = 25%
- ii) Net profit ratio = 20%
- iii) Stock turnover ratio = 10
- iv) Net profit/capital = 1/5
- v) Capital to total liability = 1/2
- vi) Fixed assets/capital = 5/4
- vii) Fixed assets/total current assets = 5/7
- viii) Fixed assets = Rs. 2,00,000/-
- ix) Closing stock = 20,000/-

33. Ashok Industries Ltd. approaches its bankers for overdraft facility for the period Jan. to March 2014. From the following data prepare cash budget for the above period indicating the overdraft facility required at the end of each month.

	Sales	Purchases	Wages	Expenses
November 2013	2,40,000	1,60,000	20,000	25,000
December 2013	2,60,000	1,70,000	24,000	30,000
January 2014	1,70,000	3,30,000	18,000	28,000
February 2014	2,30,000	3,40,000	22,000	32,000
March 2014	1,90,000	3,70,000	26,000	40,000

a) Estimated cash at bank 1-1-2014 is Rs. 40,000/-

b) 50% of the credit sales are realised in the month following the sales and remaining 50% in the second month following.

c) Creditors are paid in the month following the month of purchase.

d) Wages and expenses are paid in the month in which they are incurred.

34. The summarised Balance Sheet of J.K. Ltd. as on 31-12-2002 and 2003 are as follows.

Balance Sheet					
Liabilities	2002	2003	Assets	2002	2003
Share capital	4,50,000	4,50,000	Land & building	2,00,000	2,00,000
General reserve	3,00,000	3,10,000	Machinery	2,00,000	1,20,000
Profit & Loss A/c	56,000	68,000	Investments	50,000	60,000
Creditors	1,68,000	1,34,000	Stock	2,40,000	2,10,000
Provision for tax	75,000	10,000	Debtors	2,10,000	4,55,000
Mortgage Loan		2,70,000	Cash	1,49,000	1,97,000
	<b>10,49,000</b>	<b>12,42,000</b>		<b>10,49,000</b>	<b>12,42,000</b>



**Additional information :**

- 1) Investments costing Rs. 8,000/- were sold during the year 2003 for Rs. 8,500/-
- 2) Provision for taxation made during the year was Rs. 9,000/-
- 3) During the year machine costing Rs. 10,000/- was sold for Rs. 12,000/-. The profit was included in the Profit and Loss account.
- 4) Dividend paid during the year amounted to Rs. 40,000/-

Prepare a schedule of changes in working capital and a statement of sources and application of fund for the year 2003.

35. Write an essay on advantages and disadvantages of Management Accounting. **(2×15=30 Marks)**
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Reg. No. : .....

Name : .....

**Sixth Semester B.Com. Degree Examination, March 2021**

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MANAGEMENT ACCOUNTING**

**(Common for Commerce/Commerce and Tax Procedure and  
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**(2018 Admission Regular)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in one or two sentences each. Each question carries **1** mark.

1. What do you mean by management accounting?
2. What is routine report?
3. What do you mean by fixed cost?
4. Mention any two applications of fund.
5. What is a fund flow statement?
6. What is production budget?
7. What is NPV?
8. What is functional budget?
9. What is decision tree?
10. What do you mean by budget manual?

**(10 × 1 = 10 Marks)**

P.T.O.



## SECTION – B

Answer **any eight** questions in not exceeding one paragraph. Each question carries **2 marks**.

11. What are the objectives of management accounting?
12. How does a past cost differ from future cost?
13. State any four advantages of management accounting.
14. Briefly explain cost benefit analysis.
15. How does traditional method differ from modern methods of capital budgeting?
16. What do you mean by profitability index?
17. List any four advantages of payback period.
18. What are the importance of ZBB?
19. Calculate net profit from the following information.

	Rs.
Opening stock	5,000
Purchase	20,000
Sales	35,000
Closing stock	10,000
Expense	5,000

20. Calculate fund from operations from the following :  
Net profit for the year 15,250  
Depreciation on machinery 1,500
21. Company A is planning to undertake a project requiring initial investment of 1,50,000. The project is expected to generate 25,000 per year in net cash flows for 6 years. Calculate payback period of the project.

22. Net profit are 20,000. There is an increase in the amount of debtors of 5,000. What would be the amount of cash flow from operating activities?

23. Calculate cash flow from operating activities from the following information :

Sales 1,20,000

Purchase 70,000

Wages 25,000

Assume that all the transactions were in cash.

24. What is key factor?

25. What are opportunity costs?

26. What is meant by working capital?

(8 × 2 = 16 Marks)

### SECTION – C

Answer **any six** questions in not exceeding **120** words each. Each question carries **4** marks.

27. Differentiate cost accounting from management accounting.

28. Explain different types of reporting.

29. Differentiate budget from forecast.

30. What are the techniques of management accounting?

31. What are the objectives of cash flow statement?

32. Explain the importance of fund flow statement.

33. From the following profit and loss account compute the funds from operation  
 Profit and Loss Account.

	Rs.		Rs.
To Salaries	5,000	By Gross profit b/d	1,000
To Rent	2,000	By Discount (↷)	5,000
To Depreciation	1,000	By Interest on investment (↷)	4,000
To Preliminary expense	2,000	By Net loss	<u>5,000</u>
To Loss on sale of land	<u>5,000</u>		
	<u>15,000</u>		<u>15,000</u>

34. From the following information, estimate net cash from operating activities.

Cash revenue from operations (cash sales)	20,000
Collections from debtors	80,000
Payments to suppliers	35,000
Payments to employees	15,000
Business expenses met	20,000
Sale of fixed assets	10,000
Income tax paid	12,500

35. Glamour Ltd. has prepared a budget for the production of a lakh units of the only commodity manufactured by them for a costing period as under;

Raw material	2.52 per unit
Direct labour	0.75 per unit
Direct expenses	0.10 per unit
Works overhead (60% fixed)	2.50 per unit
Administrative overhead (80% fixed)	0.40 per unit
Selling overhead (50% fixed)	0.20 per unit

The actual production during the period was only 60,000 units, calculate the revised budgeted cost per unit.

36. X Ltd. has a budgeted sale of 3,20,000 units of its finished product for the year 2016-17. The stock of finished product on 1<sup>st</sup> April 2016 is 40,000 units and expected stock on 31<sup>st</sup> March 2017 is 80,000 units. Normal wastage in production is 10%.

Prepare production budget showing the number of units to be processed.

37. From the following particulars, calculate net cash from investing activities.

	Purchase	Sale
Land	2,00,000	
Furniture	50,000	20,000
Goodwill	1,00,000	
Investments	75,000	10,000
Interest received on debentures	5,000	
Dividend received on shares	7,500	
Dividend paid to shareholders	10,000	

38. Compute the net present value for a project with a net investment of 1,00,000 and the following cash inflows. Cost of capital is 10%. 1<sup>st</sup> year inflow 55,000, 2<sup>nd</sup> year 80,000, 3<sup>rd</sup> year 15,000. Present value factor for three years at 10% .909, .826, .751.

(6 × 4 = 24 Marks)

#### SECTION – D

Answer **any two** questions in not exceeding 4 pages each. Each question carries 15 marks.

39. What do you mean by reporting? Explain the essentials of a good reporting system.
40. What is short run decision? Explain any five short run decisions often made by management.

41. The Balance sheet of a company as on 31<sup>st</sup> December 2011 and 31<sup>st</sup> December 2012 were as follows :

Liabilities	2011	2012	Assets	2011	2012
Retained earnings	1,60,000	3,00,000	Stock	1,00,000	95,000
Premium on shares	—	5,000	Debtors	43,000	50,000
Accumulated depreciation	80,000	60,000	Prepaid expenses	4,000	5,000
Debentures	60,000	—	Cash	15,800	10,200
Accounts payable	37,800	40,200	Commission on shares	25,000	20,000
Share capital	2,00,000	2,50,000	Fixed assets	3,50,000	4,75,000
	<u>5,37,800</u>	<u>6,55,200</u>		<u>5,37,800</u>	<u>6,55,200</u>

Additional information :

Net income for the year 1,40,000

Depreciation for the year 20,000

Income tax paid was 40,000

Interim dividend paid during the year 20,000

An addition to the fixed asset was made during the year at a cost of 1,65,000 and fully depreciated machine costing 40,000 was discarded; no salvage being realized.

Prepare :

- A statement of changes in working capital
- A statement of sources and application of funds.

42. The expenses for the production of 500 units in a factory are given below;

	Per unit
Materials	80
Labour	60
Variable overhead (factory)	15
Fixed factory overhead( 5000)	10
Administrative expenses (20% variable)	10
Selling and administration expenses (50% fixed)	10
Total per unit cost	<u>185</u>

You are also required to prepare a budget for 600 units.

43. From the following information, calculate IRR.

Cost                      22,000

Cash inflows:

Year 1	12,000
2	4,000
3	2,000
4	10,000

44. The Balance sheets of a company as on 31<sup>st</sup> March 2016 and 2017 are given below.

Particulars	Balance sheet		
	Note No.	31.03.2016 Amount ( )	31.03.2017 Amount ( )
1. Equity and liabilities			
Shareholders funds			
Share capital		1,00,000	1,60,000
Reserves and surplus (P&L A/c)		70,520	85,500
Share application money pending allotment			
Non-current liabilities			
Long-term borrowings (12% Debentures)		50,000	-
Long term provisions (Accumulated Depreciation)		60,000	40,000
Current liabilities			
Trade payables (creditors)		28,000	48,000
Total		<u>3,08,250</u>	<u>3,33,500</u>

2. Assets

Non-current assets

Fixed assets :

Tangible assets

1,52,000      2,00,000

Current assets

Inventories (stock)

93,400      89,400

Debtors

30,800      21,100

Cash and cash equivalents

28,100      20,000

Other current assets

3,950      3,000

(prepaid exp.)

Total

3,08,250

3,33,500

Additional information :

- (a) Net profit 27,050
- (b) Depreciation charged 10,000
- (c) Cash dividend declared during 2016-17 `12,000
- (d) An addition to the building was made during the year at a cost of 78,000 and fully depreciated equipment costing `30,000 was discarded as no salvage being realized.
- (e) Debentures were redeemed on 1.04.2016

You are required to prepare a cash flow statement.

**(2 × 15 = 30 Marks)**