

Reg. No. : 40

Name : Subra

Sixth Semester B.Com. Degree Examination, April 2024

First Degree Programme under CBCSS

Core Course

**CO 1643/ CX 1643/TT 1643/HM 1643/CC 1643 : MANAGEMENT
ACCOUNTING**

(2018 Admission onwards)

**(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

PART – A

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

1. Define management accounting.
2. What is decision tree?
3. What is benefit cost ratio?
4. What is master budget?
5. Define IRR.
6. Distinguish between risk and uncertainty.

P.T.O.

7. Give the classification of cash flows.

8. What is budget key factor?

9. What is fund flow statement?

10. What is decision making?

(10 × 1 = 10 Marks)

PART - B

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

11. What is budget manual?

12. State the nature of management accounting.

13. What are objectives of fund flow statement?

14. What is capital rationing?

15. How projects are ranked under ARR method?

16. What is flexible budget?

17. How payback period is computed when the cash inflows are not uniform?

18. What are the principles of budgetary control?

19. How profit on sale of fixed asset is treated while preparing cash from operations?

20. Calculate fund from operations from the following:

	Rs.		Rs.
Net Profit	80,000	Depreciation	20,000
Profit on sale of fixed asset	5,000	Provision for tax	10,000

21. A project costs Rs. 20,000. The estimated cash inflows during its three year life are Rs. 8,000, Rs. 9,000 and Rs. 6,000 respectively. Calculate payback period.

22. Calculate cash from operations from the following:

	Rs.		Rs.
Net Profit	50,000	Goodwill written off	3,000
Increase in debtors	4,000	Decrease in stock	15,000

(8 × 2 = 16 Marks)

PART – C

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

23. How flexible budget differ from fixed budget?

24. What are the objectives of Management accounting?

25. Explain the steps in preparing cash flow statement.

26. Distinguish between fund flow and cash flow statements.

27. The following budget estimates are available from a factory working at 50% of its capacity.

	Rs.
Variable expense	60,000
Semi-variable expense	20,000
Fixed expense	10,000

Prepare a budget for 75% capacity assuming that semi-variable expenses increase by 10% for every 25%. (increase in capacity)

28. A project costs Rs. 15,000 and has a scrap value of Rs. 3,000. Its stream of income before depreciation and tax during first 5 years is Rs. 3,000, Rs. 3,600, Rs. 4,200, Rs. 4,800 and Rs. 6,000. Assuming tax rate at 50% and depreciation on straight line basis, calculate average rate of return.

29. Prepare Cash Budget for 3 months April to June, with the following data (Figures in Rs.) :

Month	Sales	Purchases	Wages	Expenses
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other information:

- (a) Opening balance of cash on 1st April – Rs. 25,000
 (b) Period of credit allowed by suppliers is 2 months
 (c) 25% of sale is for cash and period of credit allowed to customers is 1 month.
 (d) Delay in payment of wages and expenses is 1 month.
 (e) Income tax of Rs. 25,000 is to be paid in June.

30. The following is the profit and loss A/c of X Ltd for the year 31.03.2022

	Rs.		Rs.
To salaries	5,000	By Gross profit b/d	50,000
To rent	3,000	By profit on sale of building	
To depreciation on plant	5,000	Book value – 10,000	
To printing and stationery	3,000	Sale value – 15,000	5,000
To preliminary expenses written off	2,000		
To goodwill written off	3,000		
To provision for tax	4,000		
To proposed dividend	6,000		
To net profit	24,000		
Total	55,000	Total	55,000

Calculate fund from operations.

31. A project costs Rs. 6,000 and is expected to generate cash flows of Rs. 2,000 over its life of 5 years. What is the internal rate of return of the project?

(6 × 4 = 24 Marks)

PART – D

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

32. Explain the various tools and techniques of Management accounting.
33. The Balance sheets of M/s Sindya and Bindya as on 01.01.2022 and 31.12.2022 were as follows:

(Amount in Rs.)					
Liabilities	1.1.22	31.12.22	Assets	1.1.22	31.12.22
Creditors	40,000	44,000	Cash	10,000	7,000
Sindya's Loan	25,000		– Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Combined capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
Total	2,30,000	2,47,000	Total	2,30,000	2,47,000

During the year, machine costing Rs. 10,000 (Accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery on 1.1.2022 was Rs. 25,000 and on 31.12.2022 was Rs. 40,000. Net profit for the year 2022 amounted to Rs. 45,000. You are required to prepare Fund flow statement.

34. From the following Balance sheets of AB Ltd for the year ending 31.12.2022 and 31.12.2023, prepare Cash flow statement

Liabilities	2022 Rs.	2023 Rs.	Assets	2022 Rs.	2023 Rs.
Equity share capital	2,15,000	2,75,000	Cash	7,500	7,700
Reserves	40,000	40,000	Other current assets	1,98,530	1,70,730
P/L a/c	39,690	41,220	Land and Building	1,48,500	1,44,250
Provision for tax	40,000	50,000	Plant and Machinery	1,12,950	1,16,200
Bank loan	59,510	–	Goodwill	–	20,000
Current liabilities	73,280	52,660			
Total	4,67,480	4,58,880	Total	4,67,480	4,58,880

The following information is provided :

- (a) A dividend of Rs. 26,000 was paid during the year 2023.
- (b) Profit before tax for the year was Rs. 62,530.
- (c) During the year 2023, the company paid tax of Rs. 25,000.
- (d) During the year, the company purchased another company and paid Rs. 60,000 in share capital. It acquired stock Rs. 21,640 and Plant Rs. 18,360.
- (e) It purchased machinery costing Rs. 5,650 during the year

35. The initial outlay of a project is Rs. 80,000 with a life of 5 years. The profits after tax and depreciation and discount rate at 20% are as follows:

Years :	1	2	3	4	5
Profits :	6,000	14,000	24,000	16,000	—
Discount Rate :	0.83	0.69	0.58	0.48	0.40

Depreciation has been charged under straight line method. The cost of capital may be taken at 20%. Evaluate the project according to Net present value method.

(2 × 15 = 30 Marks)