

Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, April 2023

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

SECTION – A

Answer all questions. Each question carries 1 mark.

1. What do you mean by Management Accounting?
2. Define budgetary control.
3. What is cash budget?
4. What is ARR?
5. What are cash flows from operating activities?
6. What is budget manual?
7. State any four items of sources of funds.

P.T.O.

8. How a deferred revenue expense is treated while calculating fund from operations?
9. Define cash flow statement.
10. What is Responsibility accounting?

(10 × 1 = 10 Marks)

SECTION – B

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

11. State the characteristics of Management accounting.
12. Distinguish between risk and uncertainty.
13. What is sales budget?
14. Define fund flow statement.
15. What is the ranking rule under NPV method?
16. How profit on sale of fixed asset is treated while preparing cash from operations?
17. What is a fixed budget?
18. State the methods for preparing cash budget.
19. What are the uses of cash flow statement?
20. Calculate Profitability index and evaluate the investment proposals

| Proposals | Present value of cash inflows | Investment |
|-----------|-------------------------------|------------|
| A | Rs. 1,00,000 | Rs. 40,000 |
| B | Rs. 1,20,000 | Rs. 60,000 |

21. Calculate fund from operations from the following

| | | | |
|-----------------------------|--------|-------------------|-------|
| Net profit | 24,000 | Depreciation | 5,000 |
| Loss on sale of fixed asset | 4,000 | Proposed dividend | 5,000 |

22. A project costs Rs. 1,00,000 with a life of 5 years. The estimated cash inflows after depreciation and tax are Rs. 30,000. Calculate payback period.

(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions. Each question carries **4** marks.

23. Distinguish between Management accounting and cost accounting.

24. State the purposes of fund flow statement.

25. Explain the steps in preparing cash flow statement.

26. Explain the classification of budgets according to function.

27. A project which costs Rs 1,20,000 is expected to yield total earnings after depreciation and tax of Rs 60,000 over 3 years. The scrap value after 3 years is Rs 20,000. Calculate ARR.

28. Calculate cash from operations

| Particulars | Rs. |
|------------------------------|--------|
| Depreciation | 12,000 |
| Provision for tax | 10,000 |
| Loss on sale of plant | 2,000 |
| Decrease in stock | 4,000 |
| Decrease in prepaid expenses | 1,000 |
| Increase in debtors | 9,000 |
| Decrease in bills payable | 2,000 |
| Net Profit | 25,000 |

29. Calculate fund from operations for the year 31-12-2020

| Particulars | Rs. |
|-------------------------------|----------|
| Net profit for the year | 1,50,000 |
| Depreciation provided | 35,000 |
| Loss on sale of old machinery | 3,000 |
| Profit on sale on investments | 5,000 |
| Provision for tax | 80,000 |
| Goodwill written off | 20,000 |
| Dividend received | 10,000 |

30. A project costs Rs 16,000 and is expected to generate cash inflows of Rs 8,000, Rs 7,000 and Rs. 6,000 at the end of each year for 3 years. Calculate NPV @ 15% Present values @ 15% for 3 years are 8.70, 0.756 and Rs. 658 respectively.
31. The following budget estimates are available from a factory working at 50% of its capacity.

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

Prepare a budget for 75% capacity assuming that semi-variable expense increase by 15% for every 25%.

(6 × 4 = 24 Marks)

SECTION – D

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

32. Explain the need and importance of Management accounting.
33. From the following balance sheets of Moon Ltd as on 31-12-20 and 31-12-21, prepare cash flow statement for the year ended 31-12-2021

| Liabilities | 2020 | 2021 | Assets | 2020 | 2021 |
|-------------------|---------------|-----------------|--------------|---------------|-----------------|
| Share capital | 40,000 | 50,000 | Good will | 10,000 | 8,000 |
| General Reserve | 10,000 | 20,000 | Buildings | 15,000 | 15,000 |
| P/L a/c | 12,000 | 18,000 | Plant | 30,000 | 60,000 |
| Creditors | 6,000 | 9,000 | Investments | 5,000 | 1,000 |
| Provision for tax | 10,000 | 12,000 | Debtors | 8,000 | 7,000 |
| Bills payable | 4,000 | 3,000 | Cash | 500 | 1,000 |
| | | | Bank | 2,500 | 4,000 |
| Total | 82,000 | 1,12,000 | Total | 82,000 | 1,12,000 |

Additional information:

- (a) Depreciation provided on plant — Rs. 5,000
- (b) Income Tax paid— Rs. 7,000
34. Prepare cash budget for three months from April to June from the following data

| Month | Credit sales | Credit purchases | Wages |
|----------|--------------|------------------|--------|
| February | 1,80,000 | 1,24,800 | 12,000 |
| March | 1,92,000 | 1,44,000 | 14,000 |

| Month | Credit sales | Credit purchases | Wages |
|-------|--------------|------------------|--------|
| April | 1,08,000 | 2,43,000 | 11,000 |
| May | 1,74,000 | 2,46,000 | 10,000 |
| June | 1,26,000 | 2,68,000 | 15,000 |

50% of credit sales are received in the month following the sales and remaining 50% in the second month following. Creditors are paid in the month following the month of purchase. Wages are paid on the 1st day of the very month. Cash at bank on 1st April is Rs. 25,000.

35. A project cost Rs. 6,000. The estimated net annual cash inflows are Rs. 2,000 for 5 years. What will be the internal rate of return?

(2 × 15 = 30 Marks)