

Reg. No. : .....

Name : .....

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

**First Degree Programme under CBCSS**

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

**(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)**

**(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 meant by management accounting?
2. What is routine report?
3. What do you mean by fixed cost?
4. Mention any two application 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)**

## 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	5,000
To Loss on sale of land	5,000		
	<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
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Current assets

Inventories (stock)	93,400	89,400
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Debtors	30,800	21,100
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Cash and cash equivalents	28,100	20,000
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Other current assets	3,950	3,000
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(prepaid exp.)

Total	<u>3,08,250</u>	<u>3,33,500</u>
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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)**