

Reg. No. : .....

Name : .....

**Eighth Semester B.Com. LL.B. (Five Year Integrated)  
Degree Examination, July 2024**

**Paper VI : MANAGEMENT ACCOUNTING**

**(2020 Admission)**

Time : 3 Hours

Max. Marks : 80

**PART – A**

Answer any five questions. Each question carries 2 marks.

1. What is management accounting?
2. What is Fund Flow Statement?
3. What is budgeting?
4. Explain NPV.
5. What is capital rationing?
6. State the meaning of a flexible budget.
7. What is capital expenditure?

**(5 × 2 = 10 Marks)**

P.T.O.

PART – B

Answer any four questions. Each question carries 4 marks.

8. Explain the master budget of an organisation.
9. Differentiate between Management Accounting and Cost Accounting.
10. From the following, calculate funds from operation:

Dr	Amount (Rs.)	Cr	Amount (Rs.)
Salaries	12,000	Gross profit	94,000
Rent	5,500	Profit on sale of furniture	7,250
Printing and stationery	3,200	Interest on investment	3,750
Depreciation	11,500		
Goodwill written off	6,000		
Provision for taxation	10,000		
Loss on sale of land	3,400		
Proposed dividend	9,000		
N/P taken to B/S	44,400		
Total	1,05,000	Total	1,05,000

11. A project costs Rs.1,00,000 and yields an annual cash inflow of Rs.20,000 for 8 years. Calculate its payback period.

12. XYZ Ltd. Wishes to prepare a budget from July to September 2023. Prepare a cash budget for the above period from the following information:

	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
June	2,40,000	1,80,000	26,000
July	2,60,000	1,90,000	27,500
August	2,00,000	1,44,000	22,500
September	1,80,000	1,50,000	23,000

- (a) 50% of the sales for cash and 50% for credit. The credit sales are realized in the month following sale.
- (b) Creditors are paid in the month following the month of purchase.
- (c) Plant costing Rs.20,000 is to be purchased in July, 50% of the same is paid in the month and the remaining 50% in the next month.
- (d) Cash balance on 1<sup>st</sup> July is Rs.8,000.

(4 × 4 = 16 Marks)

PART – C

Answer any four questions. Each question carries 6 marks.

13. Explain the techniques of Management Accounting.
14. What are the differences between flexible budget and fixed budget?
15. Calculate cash flows from operating activities from the following:

	31 <sup>st</sup> March	
	2020 (Rs.)	2021 (Rs.)
Profit and loss account	60,000	65,000
Debtors	85,000	48,000
Bills receivable	40,000	81,000

General reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries prepaid	8,000	10,000
Goodwill	70,000	60,000

16. A company is appraising two projects A and B. Assuming the present value of future cash flows for project A is Rs.5,000 and that for project B is Rs.4,850. Also assume that both projects have an initial capital investment of Rs.4,750 each. Calculate the profitability index for both projects and determine whether or not to invest in the projects.
17. TATA Co. Ltd. is to start production on 1<sup>st</sup> January 2011. The prime cost of a unit is expected to be Rs.40 (Rs.16 per materials and Rs.24 for labour). In addition, variable expenses per unit are expected to be Rs.8 and fixed expenses per month Rs.30,000. Payment for materials is to be made in the month following the purchase. One third of sales will be for cash and the rest on credit for settlement in the following month. Expenses are payable in the month in which they are incurred. The selling price is fixed at Rs.80 per unit. The number of units to be produced and sold is expected to be: January 900; February 1,200; March 1,800; April 2,000; May 2,100; June 2,400. Draw a Cash Budget indicating cash requirements from month to month.

(4 × 6 = 24 Marks)

PART – D

Answer any three questions. Each carries 10 marks.

18. Distinguish between fund flow statement and cash flow statement.
19. The following are the comparative balance sheets of XYZ Limited as on 31<sup>st</sup> December, 2020 and 2021:

Liabilities	2020 (Rs.)	2021 (Rs.)	Assets	2020 (Rs.)	2021 (Rs.)
Share capital (shares of 3,50,000 Rs.10 each)	3,50,000	3,70,000	Land	1,00,000	1,50,000
Profit and loss a/c	50,400	52,800	Stocks	2,46,000	2,13,500

Liabilities	2020 (Rs.)	2021 (Rs.)	Assets	2020 (Rs.)	2021 (Rs.)
9% Debentures	60,000	30,000	Goodwill	50,000	25,000
Creditors	51,600	59,200	Cash and bank	42,000	35,000
			Temporary investments	3,000	4,000
			Debtors	71,000	84,500
<b>Total</b>	<b>5,12,000</b>	<b>5,12,000</b>	<b>Total</b>	<b>5,12,000</b>	<b>5,12,000</b>

Other particulars provided to you are : (a) dividends declared and paid during the year Rs.17,500 (b) land was revalued during the year at Rs.1,50,000 and the profit on revaluation transferred profit and loss account. You are required to prepare a Cash flow statement.

20. A company is contemplating purchasing a new mass storage unit for its computer facility. It is expected to cost Rs.2,00,000. Further, the company estimates Rs.20,000 as permanent working capital. The projected Net cash inflows from the proposed investment project are as follows for each year of operation:

Year	1	2	3	4	5
Net cash inflows (Rs.)	50,000	80,000	1,00,000	80,000	60,000

Company's cost of capital is 12% advise the company whether the project should be accepted or rejected. Compute net present value of the project.

21. Prepare a Flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 60% capacity.

Variable overheads:	At 60% capacity (Rs.)
Indirect Material	6,000
Labour	18,000
Semi variable overheads:	
Electricity: (40% Fixed and 60% variable)	30,000
Repairs: (80% Fixed and 20% Variable)	3,000

Fixed overheads:

Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

(3 × 10 = 30 Marks)

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