5. (a) Explain in detail the various activities involved in the preparation of cash flow statement along with examples of each.

10 Marks (CO1)

OR

(b) ABC Ltd. have calculated the cost for the production of one lakh units of the only commodity manufactured by them for a costing period as under : 10 Marks (CO2)

	₹
Raw material	2.52 per unit
Direct wages	0.75 per unit
Direct expenses	0.10 per unit
Work overheads (60% fixed)	2.50 per unit
Administrative overheads (80% fixed)	0.40 per unit
Selling overheads (50% fixed)	0.20 per unit

Based on the above-mentioned costs you are required to prepare a flexible budget for 50000 and 70000 units respectively.

270

H Roll No. ....

BCH–601

B. COM. (HONS.) (SIXTH SEMESTER)

MID SEMESTER EXAMINATION, 2021

MANAGEMENT ACCOUNTING

Time : 1½ Hours

Maximum Marks : 50

Note : (i) Answer all the questions by choosing any *one* of the sub-questions.

(ii) Each question carries 10 marks.

1. (a) "Management accounting provides immense help in management decision making." Examine. 10 Marks (CO1)

OR

(b) Prepare Cash flow statement from the following balance sheet of ABC Ltd. :

10 Marks (CO1)

Liabilities	2007 (₹)	2008 (₹)
Share Capital	17,00,000	18,35,000
Creditors	1,00,000	95,000
General Reserve	40,000	83,700
Prov. for Dividend	70,000	50,000
Profit & Loss Appropriation A/c	1,00,000	1,30,000
Mortgage Loan	10,000	70,000
Bills Payable	14,000	13,000
Bank Overdraft	8,000	18,000
	20,42,000	22,94,700

Assets	2007 (₹)	2008 (₹)
Land & Building	8,00,000	10,00,000
Machinery	2,50,000	3,70,000
Fixture and Fitting	5,000	6,000
Stock	4,00,000	3,43,700
Debtors	1,00,000	45,000
Cash	2,000	2,200
Bills Receivable	8,000	9,000
Goodwill	3,00,000	3,43,700
Prepaid Exp.	3,000	3,100
Investments	1,64,000	1,70,000
Preliminary Exp.	10,000	2,000
	20,42,000	20,76,800

Additional information during the year ended 31st December, 2000 :

(i) Investments were purchased and Interest received ₹ 3,000 was used in writing down the book value of investments.

(ii) The declared dividend for the year 2007 was paid and interim dividend of ₹ 20,000 was paid out of Profit and Loss Appropriation account.

(iii) Depreciation is charged on machinery at 8% of cost of ₹ 4,00,000.

(iv) Depreciation is charged on land and building at 3% of cost of ₹ 9,00,000.

(v) Depreciation of ₹ 400 was charged on cost of ₹ 8,000 on fixture and fittings.

2. (a) Discuss the main difference between management, cost and financial accounting. 10 Marks (CO1)

OR

(b) Prepare a cash budget for the following months of May, June and July, 2018 on the basis of following information :

10 Marks (CO1)

Month	Credit Sales	Credit Purchases	Wages	Manu-facturing Expenses	Office Expenses	Selling Expenses
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,500

Additional Information :

(i) Cash balance on 1 May, 2016 is ₹ 8,000.

(ii) Plant costing ₹ 16,000 is due for delivery in July, payable 10% on delivery and the balance after three months.

(iii) Advance tax of ₹ 8,000 each is payable in March and June.

(iv) Period of credit allowed by suppliers is 2 months and to customers is 1 month.

(v) Delay in payment of manufacturing expenses is 1 month.

(vi) Delay in payment of office and selling expenses is 1 month.

3. (a) Differentiate between cost control and cost reduction. 10 Marks (CO1)

OR

(b) Briefly describe the objectives, merits and demerits of budgetary control.

10 Marks (CO2)

4. (a) From the following balance sheet of BMR Ltd. as at 31 March, 2013 and 14. Prepare a cash flow statement : 10 Marks (CO1)

Particulars	Note No.	31st March, 2013 (₹)	31st March, 2014 (₹)
I. Equity and Liabilities :			
1. Shareholder's Fund			
(a) Equity Share Capital		5,00,000	7,00,000

(b) Reserve and Surplus		2,00,000	3,50,000
2. Current Liabilities :			
(a) Short-term borrowings		1,00,000	50,000
(b) Trade payables		55,000	52,000
(c) Short-term provision	(1)	80,000	1,20,000
Total of Liabilities :		9,35,000	12,72,000
II. Assets :			
1. Non-Current Assets			
(a) Fixed assets	(2)	6,00,000	5,95,000
(b) Non-current investment		–	1,00,000
2. Current Assets			
(a) Trade Receivables		80,000	1,47,000
(b) Stock		55,000	1,30,000
(c) Cash and Cash equivalent		2,00,000	3,00,000
Total of Assets		9,35,000	12,72,000

Notes to Accounts :

Particulars	31st March, 2013 (₹)	31st March, 2014 (₹)
1. Short term provision :		
Provision for tax	30,000	50,000
Proposed dividend	50,000	70,000
	80,000	**1,20,000**
2. Fixed assets :		
Tangible (Equipment)	5,0,000	5,00,000
Intangible (Patents)	1,00,000	95,000
	6,00,000	**5,95,000**

Additional information :

(i) During the year, equipment costing ₹ 1,00,000 was purchased.

(ii) Loss on sale of equipment amounted to ₹ 12,000.

(iii) Depreciation of ₹ 18,000 was charged on equipment.

OR

(b) What do you understand by 'Budgeting' ? Mention the types of budgets that management of a big industrial concern would normally prepare. 10 Marks (CO2)