

Enrollment No: _____

Exam Seat No: _____

C.U.SHAH UNIVERSITY

Winter Examination-2018

Subject Name : Management Accounting-II

Subject Code : 4CO06MAC1

Branch: B.Com (English)

Semester : 6

Date : 19/10/2018

Time : 02:30 To 05:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

Q-1 Attempt the following questions: (14)

- a) Write one advantage of budgetary control
- b) Write one advantage of flexible budget.
- c) _____ in current liabilities will decrease cash flow.
- d) The expense related with production is called _____ expense.
- e) Write one limitation of cash budget.
- f) The expense which remains fixed to a certain limit and changes afterwards is called _____
- g) Direct material is _____ expense.
- h) Give one example of cash flow from investment activity.
- i) Write the formula of return on investment.
- j) A project having less present value of cash flow and more present value of investment should be expected or not?
- k) The method of evaluating the time by which the original investment is recovered is called _____
- l) Write one factor effecting the acceptance of capital investment.
- m) Net present value = present value of cash flow _____
- n) The report of sales details is submitted to _____

Attempt any four questions from Q-2 to Q-8

Q-2 Attempt all questions (14)

- | | | |
|----------|---|----------|
| A | Write the characteristics of an ideal project | 7 |
| B | What is special report? When it is prepared? | 7 |

Q-3 Attempt all questions (14)

- | | | |
|----------|--|----------|
| A | What is budgetary control? Write its advantages. | 7 |
| | Write the limitations of the budgetary control. | 7 |
| B | | |



- Q-4** **Attempt all questions** (14)
- A** Write the differences between fixed and flexible budget. 7
- B** The labour for April is Rs. 6000/- and for May is Rs. 8000/- Time lag for payment is 1/4th month. Find the amount to be paid in May. 7

- Q-5** **Attempt all questions** (14)
- A** Prepare the cash budget for January, February and March with imaginary figures. 7
- B** Prepare cash flow generated from: 7
1. Investment Activities
 2. Financial Activities – with imaginary figures.

- Q-6** **Explain following methods of capital budget** (14)
- A** Payback method 7
- B** Present value method 7

- Q-7** **Attempt all questions** (14)
- A company is considering 2 projects. Investment in each project is Rs. 5,00,000/-
The profit from both the projects before depreciation is as follows:

| Year | Project 1 | Project 2 |
|------|-----------|-----------|
| 1 | 1,25,000 | 2,50,000 |
| 2 | 1,87,500 | 2,50,000 |
| 3 | 1,87,500 | 62,500 |
| 4 | 1,25,000 | 62,500 |

From the above information find the payback period of investment.
Present value of Rs. 1.00 at 5% rate is as follows:

| Year | 1 | 2 | 3 | 4 |
|---------------|--------|--------|--------|--------|
| Present Value | 0.9524 | 0.9070 | 0.8638 | 0.8227 |

- Q-8** **Attempt all questions** (14)
- A** Find cash flow from operating activities from the following details: 10
- Net profit – 2,18,000 - Increase in creditors – 28,000
Increase in debtors – 40,000 – Decrease in bills payable – 4,000
Increase in stocks – 32,000 – Increase in bills receivable – 10,000
Taxes Paid – 35,000
- B** Give differences between “Fixed expense” and “Variable expense” 4

