Saraswat Vidyalaya's

Sridora Caculo College of Commerce and Management Studies

Khorlim Mapusa Goa

(Affiliated to Goa University)

B.COM Fifth Semester End Examination 2021

Sub: Management Accounting (DSE 4)

Duration : 2 Hours **Max. Marks: 80**

Instructions:

1. *Question no.1 is compulsory. Attempt any three questions from Q.no.2 to Q.no.6.*
2. *Working notes should form part of your answer.*
3. *Use of non-scientific calculator is allowed.*
4. *Figures to right indicate full marks.*

1. Prepare a cash budget for Flypodaurd Ltd from March 2020 to August 2020

	Sales	Selling expenses Rs.	Purchases Rs.	Wages Rs.	Factory expenses Rs.	Administrative expenses Rs.
Jan	2,70,000	8,000	90,000	25,000	20,000	6,000
Feb	2,60,000	8,500	94,000	26,000	21,000	7,500
Mar	2,82,000	7,500	93,000	26,800	8,000	4,500
April	2,55,000	7,800	93,000	22,000	20,500	4,750
May	2,65,000	8,400	86,000	28,000	22,000	5,400
June	3,00,000	7,000	78,000	26,000	7,600	5,700
July	2,80,000	5,000	80,000	27,000	8,000	5,000
Aug	3,20,000	6,500	78,000	26,500	8,600	5,500

Other information

1. Opening cash balance on 1st March 2020 Rs. 40,000.
2. Period of credit allowed to customers and by suppliers is one month.

3. Lag in payment of factory expenses, administrative expenses and selling expenses is one month.
4. Machinery purchased for Rs. 30,000 in March payable on delivery.
5. Building purchased in April for Rs. 2,50,000 payable in two equal installments in May and July.
6. 5% commission of sales payable two months after sales.
7. Delay in payment of wages one month. **(20)**

Q.2. A The expenses budgeted for production at 100% capacity in a factory are given below:

	At 100% Capacity Rs
Material	8,00,000
Labour	4,00,000
Variable expenses(Direct)	60,000
Variable overheads	4,00,000
Fixed overheads	90,000
Administrative expenses(Fixed)	60,000
Selling expenses (10% fixed)	1,40,000
Distribution expenses (20% fixed)	80,000

Prepare budget for the production at 60% and 80% capacity. **(15)**

B. What are the stages involved in target costing. **(5)**

Q.3.A. A company is considering an investment proposal to purchase a machine costing Rs. 2,50,000. The machine has life expectancy of 5 years and no salvage value. The company's tax rate is 40%. The firm uses straight line method for providing depreciation. The estimated **cash flow before tax after depreciation (CFBT)** from the machine are as follows. **P.T.0**

Year	CFBT (Rs.)
1	60,000
2	70,000
3	90,000
4	1,00,000
5	1,50,000

Calculate: Payback period and Average Rate of Return. **(15)**

B. Explain scope of enterprise resource planning. **(5)**

Q4. A. Differentiate between management accounting and financial accounting. **(10)**

B. Elucidate tools and techniques of management accounting. **(10)**

Q.5. A. Samson Ltd wants to install a new machine in a place of existing old machine , which become obsolete . Two machines are considering for this purpose. The two models differ in cost, output and cash flow. The estimated life of both machines is 5 years.

	Machine A	**Machine B**
Cash Outlay	2,50,000	4,00,000
Anticipated after tax cash flows	Rs.	Rs.
Year 1	Nil	1,00,000
Year 2	50,000	1,40,000
Year 3	2,00,000	1,60,000
Year 4	1,40,000	1,70,000
Year 5	60,000	80,000

The company follows straight line method of depreciation. The company's cost of capital is 16%.You are required to make appraisal for two offers and advice the firm by using NPV and Profitability index method. **P.T.O**

Year	PV factor @16 %
1	0.826
2	0.743
3	0.640
4	0.552
5	0.476

(15)

B. Write short note on Internal Rate of Return. (5)

Q.6. Answer **any four** of the following. **(4x5=20)**

a. Target costing

b. Objectives of budgetary control.

c. Need for enterprise resource planning.

d. Capital budgeting

e. Advantages of target costing

f. Master budget.

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