**Saraswat Vidhyalaya’s**

**Sridora Caculo College of Commerce and Management Studies,**

**Telang Nagar, Khorlim, Mapusa**

**TY B.COM FIFTH SEMESTER END EXAMINATION MARCH 2022  
Special Examination**

**CBCS New Syllabus w.e.f. 2019-2020**

**Subject: Cost Accounting Major IV- Management Accounting**

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

**Total no. of pages: 04**

***Instructions:***

1. ***Question no.1 is compulsory.***
2. ***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*.**

Q.1. **(20 marks)**

M/s. Golden Cargo Movers is considering the purchase of machines. Two machines A and B

are available, the details of which are given below. Company follows straight line method of

depreciation. You are requested **to advice the company to which machine is more profitable**

by using:

1. **Payback Period**
2. **Average Rate of Return Method**.

Rate of tax is 50%.

|  |  |  |
| --- | --- | --- |
|  | **Machine A** | **Machine B** |
| Cost | Rs. 2,50,000 | Rs.5,00,000 |
| Life | 6 years | 6 years |
| Scrap Value | Rs. 10,000 | NIL |
| **Profit (before depreciation and taxes)** | **Rs.** | **Rs.** |
| 1st Year | 1,00,000 | 80,000 |
| 2nd Year | 1,20,000 | 1,40,000 |
| 3rd Year | 1,40,000 | 1,60,000 |
| 4th Year | 80,000 | 80,000 |
| 5th year | 1,00,000 | 80,000 |
| 6th year | 60,000 | 60,000 |

Q.2. **(10 marks)**

**A**. The expenses budgeted for production at 60% capacity in a factory are given below. Prepare a flexible budget for overheads on the basis of the following data.

**Variable overheads: *At 60% capacity***

Material Rs.6,000

Labour Rs.18,000

**Semi‐variable overheads:**

Electricity: Rs.30,000

40% Fixed

60% variable

**Repairs:**

80% fixed Rs.3,000

20% Variable Rs.3,000

**Fixed overheads:**

Depreciation Rs.16,500

Insurance Rs.4,500

Salaries Rs.15,000

Total overheads Rs.93,000

Estimated direct labour hours Rs.1,86,000

Prepare budget for the production at 60% and 70% capacity

**B.** Differentiate between management accounting and financial accounting. **(10 marks)**

Q.3 **(10 marks)**

**A.** A company produces and sells 3 items; Product A, Product B and Product C. The company has divided its market into two markets zone ‘X’ and zone ‘Y’. The actual figures for the previous year sales were as under:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Product** | **Zone ’X’ units** | **Zone ’X’price** | **Zone’Y’units** | **Zone’Y’ price** |
| A | 4,00,000 | 12 | 2,50,000 | 12 |
| B | 2,50,000 | 15 | 3,50,000 | 15 |
| C | 3,00,000 | 16 | 3,00,000 | 16 |

For the current year 2020 sales of Product A will go up by 10% in Zone ‘Y’ and of Product C by 25,000 units in Zone ‘X’. The company plans to introduce publicity film for Product B in T.V network. The budgeted figures for the product B are to be increased by 20%in both the zones. Price of Product A and C are to be maintained but for product B a bonus increase of Re.1 will be announced. You are required to prepare Sales Budget for the year 2020.

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

Q.4. **(10 marks)**

**A**. S. K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2021 to December 2021. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period.

|  |  |  |  |
| --- | --- | --- | --- |
| Month | Sales (Rs.) | Purchases (Rs.) | Wages (Rs) |
| August | 3,60,000 | 2,49,600 | 24,000 |
| September | 3,84,000 | 2,88,000 | 28,000 |
| October | 2,16,000 | 4,86,000 | 22,000 |
| November | 3,48,000 | 4,92,000 | 20,000 |
| December | 2,52,000 | 5,36,000 | 30,000 |

(a) 50% of credit sales are realized in the month following the sales and remaining 50% in the

Second following.

(b) Creditors are paid in the month following the month of purchase

(c) Estimated cash as on 1‐10‐2021 is Rs. 50,000.

**B.** Explain stages involved in target costing. **(10 marks)**

Q.5 **(20 marks)**

There are two mutually exclusive projects under active consideration of the company. Both the projects has life of 5 years and have initial cash outlay of Rs. 1,00,000 each. The company pays tax @ 50%. Straight line method of depreciation will be charged on the project. The project are expected to generate a net cash inflow before tax as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Project X  Rs. | Project Y  Rs. | Discounting factor @10% |
| 1 | 40,000 | 60,000 | 0.909 |
| 2 | 40,000 | 30,000 | 0.826 |
| 3 | 40,000 | 20,000 | 0.751 |
| 4 | 40,000 | 50,000 | 0.683 |
| 5 | 40,000 | 50,000 | 0.621 |

With the help of above information you are required to calculate **Net Present Value** and **Profitability Index**.

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

1. Master Budget
2. Internal Rate of Return
3. Need for enterprise resource planning.
4. Capital budgeting
5. Scope of enterprise resource planning
6. Role of Management accountant.

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