

SARASWAT EDUCATION SOCIETY'S
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMNT STUDIES
KHORLIM, MAPUSA, GOA.

T.Y.BCOM FIFTH SEMESTER END EXAMINATION NOVEMBER 2023

COST ACCOUNTING MAJOR IV: MANAGEMENT ACCOUNTING (DSE4)

[Duration: Two Hours]
(W.E.F 2019-20) (CBCS)

[Max Marks: 80]
Total No. of Printed Pages: 03

Instructions: 1) Question No. 1 is compulsory.

2) Answer any three from Question No. 2 to Question No. 6 .

3) Figures to the right indicate maximum marks.

4) Working notes should be part of the answer.

Q.1) The expenses budgeted for production at 100 % capacity in a factory are given below ; (20 marks)

PARTICULARS	At 100 % capacity Rs.
Material	32,00,000
Direct Labour	16,00,000
Direct Expenses (variable)	2,40,000
Factory overheads (Variable)	16,00,000
Factory overheads (fixed)	3,60,000
Administrative overheads (Fixed)	2,40,000
Selling overheads (10 % fixed)	5,60,000
Distribution overheads (20 % fixed)	1,60,000

Prepare a flexible budget at 60 % and 80 % capacity.

Q.2) A management of VIPUL CONTAINER CORPORATION LTD. is considering buying a machine for manufacturing purpose. There are two machines (projects) available namely Machine A and Machine B . The cost of each machine is Rs.2,00,000. Both the projects are to be depreciated by following Straight line or Original cost method. Each project or machine has an expected life of 5 years .The tax rate applicable is 50 % . The estimated cash inflows after depreciation but before tax of both the machines /projects are as follows :

YEAR	Project (Machine) A (Rs.)	Project (Machine) B (Rs.)
1	80,000	90,000
2	80,000	60,000
3	80,000	50,000
4	80,000	1,00,000
5	80,000	1,00,000

With the help of the above information , you are required to calculate ;

(20 Marks)

- a) The payback period of each project.
 b) The Average rate of return of each project.
 c) The net present value at 16 % discounting factor rate . The present value of Re.1 at 16 % discount factor being given as per present value tables is as follows;

YEAR	1	2	3	4	5
Discounting factor @ 16%	0.826	0.743	0.640	0.552	0.476

- d) Profitability Index at 16 % discount factor rate.

Q.3) (A). A company is expected to have an opening cash balance of Rs. 8,00,000 on 1st April 2022 and requires you to prepare a **cash budget** for three months (April to June 2022). **(10 Marks)**

The following information is supplied to you ;

Month	Sales (Rs.)	Purchase of materials(Rs.)	Wages (Rs.)	Expenses(Rs.)
February	14,00,000	4,00,000	90,000	80,000
March	16,00,000	5,00,000	90,000	70,000
April	12,20,000	5,20,000	90,000	70,000
May	10,00,000	6,00,000	1,00,000	80,000
June	12,00,000	5,50,000	1,20,000	90,000

Other information ;

- a) Period of credit allowed by the suppliers is two months .
 b) 25 % of the sales is for cash and the period for the credit allowed to the customers for credit sales is one month.
 c) Delay in payment of wages and expenses one month.
 d) Income tax Rs.1,50,000 is to be paid in June 2022.

(B) A manufacturing company submits the following figures for the first quarter 2022. **(10 Marks)**

Particulars	Product P	Product Q	Product R
Sales in units ;			
January	50,000	60,000	20,000
February	40,000	50,000	20,000
March	60,000	70,000	20,000
Selling price per unit	Rs.10	Rs. 20	Rs.40
Target for the first quarter ;			
Sales quantities increase	20 %	10 %	10 %
Sales price increase	Nil	10 %	25 %

You are required to prepare a **sales budget** for the first Quarter of 2023. (from Jan. to March 2023).

Q.4) (A) ABC logistics Limited has under consideration two mutually exclusive projects for the purchase of a new plant, the particulars of which are as follows ; **(10 Marks)**

PATICULARS	MACHINERY ALFA (Rs.)	MACHINERY BETA (Rs.)
Initial Capital Outlay	2,00,000	1,50,000
Cash inflows after depreciation before tax Yearwise are given as follows ;	-----	-----
Year 1	50,000	36,000
Year 2	60,000	40,000
Year 3	70,000	44,000
Year 4	50,000	20,000
Year 5	40,000	32,000

Both the projects are to be depreciated by following Straight line method and tax rate applicable is 40 % . Calculate payback period for both the projects and recommend the best appropriate project .

(B) Explain in detail the broad functions of Management accounting . **(10 Marks)**

Q.5) (A) What do you understand by the term Target costing ? Explain its merits . **(10 Marks)**

(B) Elaborate on the concept of Enterprise Resource Planning and its merits . **(10 Marks)**

Q.6) Write short notes on **any four** of the following ; **(5 X 4 = 20 Marks)**

- Management accounting v/s Financial accounting.
- Objectives of Target costing .
- Steps involved in Target costing.
- Role played by Management accountant
- Net present value method of capital budgeting
- Objectives Of Enterprise Resource Planning.

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