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**T.Y.B.com Semester V (CBCS) Ordinance**  
**EXAMINATION Oct/Nov 2019**  
**Cost Accounting 4 : Management Accounting**

[Duration : Two Hours]

[Total Marks :80]

**Instructions:**

- 1) Q.1 is compulsory.
- 2) Answer any **Three Questions** from Question 2. to question 6.
- 3) Figures to the **right** indicate **maximum** marks allotted.
- 4) Working notes should form part of the answer.

Q.1 A silk Garments Industry provides you with the following data at 80% working capacity at (20 marks)  
 which it produces 8,000 units.

Particulars	(at 80% capacity) Rs.
Direct material	24,000
Direct labour	16,000
Direct expenses	8,000
Power (30% fixed)	40,000
Repairs and maintenance (60% fixed)	12,000
Selling expenses (40% variable)	24,000
<b>Fixed expenses:</b>	
Depreciation	32,000
Salaries and wages	75,000
Other Administrative expenses	68,000

Prepare a Flexible Budget to show cost of production at 90% and 100% capacity and also determine the total cost per unit, respectively.

Q.2 A company provides you the following information of machine X and Y. (20 marks)

Particulars	Machine X	Machine Y
Purchase price	Rs. 5,00,000	Rs. 8,00,000
Useful life	5 years	8 years
Method of depreciation	Straight line	Straight line
Tax rate	30%	30%
Annual sales	Rs. 9,00,000	Rs. 10,00,000
Variable cost	40% of sales	30% of sales
Fixed cost (other than depreciation) per annum	Rs. 1,00,000	Rs. 2,00,000
Annuity factor for 5 and 8 years respectively @ 10%	3.791	5.335

Prepare a statement, showing which of the above machines should be purchased, on the basis of net present value (NPV).

- Q.3 A) Bright Electronics has given below the budgeted sales figures for January to June (10 marks) 2019.

2019	Sales Rs.	2019	Sales Rs.
January	80,000	April	1,20,000
February	1,00,000	May	90,000
March	90,000	June	1,30,000

- a) Opening cash and bank balance as on 1<sup>st</sup> march 2019 Rs. 25, 000.  
 c) Sales are 30% in cash and 70% on credit. Credit sales are receivable in the second month of sale (January sales receivable in February).  
 d) Purchases of each respective month are 60% of the sales of the month, payment will be made in the month following the purchase.  
 e) Other payments:  
 Income tax, paid in April, Rs. 20,000.  
 Prepare the cash budget for the two months March and april 2019, respectively.

- B) Following are the particulars of two projects P and Q

Particulars	Project P	Project Q
Initial cash outflow	Rs. 4,00,000	Rs.3,50,000
Annual profit before tax (after depreciation)	Rs.1,20,000	Rs.1,00,000
Tax rate	30%	30%
Yearly Depreciation	Rs. 80,000	Rs.70,000
Life of the project	5 years	5 years

Calculate the payback period for the above projects, respectively.

- Q.4 A) A company manufacturing bedsheets submits the following figures. (10 marks)

For the first quarter of 2018	Product 'Pink'	Product 'Green'
a. Sales in units		
January	3,000	4,200
February	2,500	6,000
March	3,500	5,500
b. Selling price per unit	Rs. 200	Rs.250
Target for first quarter of 2019		
c. Sales quantity increase	10%	20%
d. Sales price increase	10%	12%

From the above, prepare a sales Budget for the first quarter ended March 2019.

- B) State and explain the functions of management Accounting.

- Q.5 A) What is "Target Costing"? Enumerate its various advantages.

B) Explain in brief, the scope of management accounting in an organization.

(10 marks)

2.6 Write short notes on any four of the following:

(4x5=20marks)

- a) The need for Enterprise Resource Planning.
- b) Tools and techniques of Management Accounting.
- c) Traditional methods of project evaluation.
- d) Benefits of Enterprise Resource Planning.
- e) Functional budgets
- f) Stages involved in Target Costing.