Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS, PONDA-GOA
B.COM. (SEMESTER - V) EXAMINATION, JULY 2021
MANAGEMENT ACCOUNTING (DSE 4)

Duration: Two hours **Max. Marks: 30**

QI) Answer any FIVE from the following : (5 x 2 = 10)

a) What is flexible budget? Explain in brief.
b) State any four types of functional budgets.
c) What is payback period? Explain in brief.
d) What is Target costing?
e) Explain in brief "Management Accounting".
f) What is Profitability Index in Capital Budgeting?
g) Define Budget.

QII) Answer any FOUR from the following : (4 x 5 = 20)

A. A manufacturing company submits the following figures of Product P for the first quarter of 2020.
Sales (in Units) : January 60000
: February 50000
: March 40000
Selling Price per Unit ₹ 150/-
For the first quarter of 2021 it was estimated that sales quantity will increase by 5% and Sales price will increase by 15%. Prepare Sales Budget for Q1 of 2021.

B. From the following data you are required to prepare production budget for Q1 of 2021.
Budgeted Sales : January 21 60000 units
February 21 48000 units
March 21 72000 units
Stock Position : 01/01/2021 50% of Sales of January
31/01/2021 50% of Sales of February
28/02/2021 50% of sales of March
31/03/2021 40000 units

C. A company is considering a capital investment proposal wherein two alternatives are being considered
Option 1 : Cost of Project : ₹ 13,90,000/-
Annual cash inflows : ₹ 5,00,000/-
Option 2 : Cost of Project : ₹ 40,25,000/-
Annual cash inflows : ₹ 12,50,000/-
Calculate Payback period for both options and recommend the best of the two proposals.

contd….2/-

D. A company is considering a project with initial outlay of ₹ 20,00,000/- and having a life of 5 years. The company pays tax @ 50% rate and required rate of profit for the company is 10%. Depreciation will be charged on SLM. The expected cash inflows from the project (before tax) are as follows.

Year	**Cash Inflows before Tax**
1	₹ 12,00,000/-
2	₹ 6,00,000/-
3	₹ 4,00,000/-
4	₹ 10,00,000/-
5	₹ 10,00,000/-

Calculate Average Rate of Return.

E. A company whose cost of capital is 12% is considering a project details of which are as follows:
Investments : ₹ 14,00,000/-
Cash Inflows: Year 1 ₹ 40,000/-
Year 2 ₹ 80,000/-
Year 3 ₹ 1,20,000/-
Year 4 ₹ 2,00,000/-
Year 5 ₹ 2,20,000/-

Calculate NPV of the project. Present value of ₹ 1/- @ 12% is as follows:
Year 1 : 0.90, Year 2 :0.80, Year 3 : 0.70, Year 4 : 0.60, Year 5 : 0.55

F. From the following data for a 60% activity level, prepare a flexible budget for 90% level of activity.
Production at 60% level - 900 units
Materials ₹ 150/- per unit
Labour ₹ 60/- per unit
Expenses ₹ 15/- per unit
Factory Expenses ₹ 52000/- (40% Fixed)
Administrative Expenses ₹ 36000/- (60% Fixed)

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