Goa Vidyaprasarak Mandal's

GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS, PONDA-GOA

B.COM. CBCS (SEMESTER – V) EXAMINATION, AUGUST 2020

MANAGEMENT ACCOUNTING (DSE 4)

Duration:- 2 hours **Marks: 30**

Instructions: 1) Answer any five sub questions from Q.No. I carrying 2 marks each.
2) Answer any four sub questions from Q.No. II carrying 5 marks each.

Q I) Answer **any Five** from the following: (5 x 2 = 10)

a. State any four different types of functional budgets.
b. Define Budget.
c. What is a flexible budget? Explain in brief.
d. What is payback period? Explain in brief.
e. What is target costing?
f. State various methods used in capital budgeting decisions.
g. Define Management Accounting.
h. What is profitability Index & how it is calculated under capital budgeting?

Q II) Attempt **any four** of the following:

A. A manufacturing company submits the following figures of Product 'X' for the first quarter of 2019.

Sales (in Units)	January	50000
	February	40000
	March	60000
Selling Price per unit		₹ 200/-

Target of first quarter of 2020
Sales quantity will increase by 10%
Sales price will increase by 10%

Prepare Sales Budget for first quarter of 2020.

B. A manufacturing company submits the following figures relating to product 'X' for the first quarter of 2020.

Sales targets:	January	1,20,000 units
	February	96,000 units
	March	1,44,000 units

Stock position :
1st January 2020 : 50% of sales of January 2020,
31st January 2020 : 50% of sales of February 2020,
29th February 2020 : 50% of sales of March 2020,
31st March 2020 : 80,000 units.
You are required to prepare production budget for first quarter of 2020.

C. With the following data for a 60% activity, prepare a flexible budget for 80% level of activity.

Production at 60% activity level – 600 units,
Materials ₹ 100 per unit
Labour ₹ 40 per unit,
Expenses ₹ 10 per unit
Factory Expenses ₹ 40,000/- (40% Fixed)
Administrative Expenses ₹ 30,000 (60% Fixed)

contd....2/-

D. A company is considering a capital investments proposal where two alternatives are being considered.

1st Option: - Cost of Machinery : ₹ 27,80,000/-
Annual Cash inflows: ₹ 10,00,000/-

2nd Option: Cost of Machinery : ₹ 80,50,000/-
Annual Cash inflows : ₹ 25,00,000/-

Calculate Payback period for each of the options.

E. A company is considering a project with an initial cash outlay of ₹ 10,00,000/- and having a life of 5 years. The company pays tax @ 50% rate and maximum required rate of profit for the company is 10%. Depreciation will be charged on SLM. The project is expected to generate cash inflows before tax as follows:

Year	**(Cash Inflow before Tax)**
1	₹ 6,00,000/-
2	₹ 3,00,000/-
3	₹ 2,00,000/-
4	₹ 5,00,000/-
5	₹ 5,00,000/-

You are required to calculate ARR (Average Rate of Return)

F. A company whose cost of capital is 12% is considering a project, the details of which are as follows:

Investments : ₹ 1,40,000/-
Cash Inflows Year 1 : ₹ 20,000/-
Cash Inflows Year 2 : ₹ 40,000/-
Cash Inflows Year 3 : ₹ 60,000/-
Cash Inflows Year 4 : ₹ 1,00,000/-
Cash Inflows Year 5 : ₹ 1,10,000/-

Calculate Net Present Value of the Project. Present Value of ₹ 1/- is as follows:

Year	NPV
1	0.90
2	0.80
3	0.70
4	0.60
5	0.55

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