Total No. of Printed Pages:03

T.Y.B.Com. Semester V (CBCS) Ordinance
EXAMINATION MAY 2023
Cost Accounting IV : Management Accounting

[Time: 2 Hours] **[Max. Marks:80]**

Instructions:
1) Question No.1 is compulsory
2) Answer any three questions from Question No.2 to Question No.6
3) Figures to the right indicate maximum marks.
4) Working notes should form part of the answer.

Q.1 A. Company working at 50% capacity manufactures 10,000 units of a product, at 50% capacity the product cost is Rs.180 and sale price is Rs.200. The break-up of the cost is as bellow: **20**

	Cost per unit
Material	Rs.100
Wages	30
Factory overheads	30 (40% fixed)
Administration overheads	20 (50% fixed)

At 60% working raw material cost goes up by 2% and sales price falls by 2%. At 80% working the raw material cost increase by 5% and sales price decrease by same percentage i.e., 5%. Prepare a statement to show profitability at 60% and 80% capacity.

Q.2 A choice is to be made between two competing project which requires an equal investment of Rs. 50,000 and are expected to generate net cash flows as under: **20**

Year	Project I	Project II
End of the year 1	Rs. 25,000/-	Rs. 10,000/-
End of the year 2	Rs. 15,000/-	Rs. 12,000/-
End of the year 3	Rs. 10,000/-	Rs. 18,000/-
End of the year 4	Nil	Rs. 25,000/-
End of the year 5	Rs. 12,000	Rs. 8,000/-
End of the year 6	Rs.6,000/-	Rs.4,000/-

The cost of capital of the company is 10%. The following are the discounted factors @ 10% per annum:

Year	1	2	3	4	5	6
Discounted factors	0.909	0.826	0.751	0.683	0.621	0.564

Which project proposal should be Choose and why? Evaluate the project proposal

Under: a) Pay-back period Method and b) Net Present Value Method.

Q.3 **A.** A Company is expecting to have Rs.2,50,000 cash in hand on 1st April 2018 and requires you to prepare cash budget for three months, April to June 2018. **10**

The following information is supplied to you.

	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)	Expenses (Rs.)
February	7,00,000	4,00,000	80,000	60,000
March	8,00,000	5,00,000	80,000	70,000
April	9,20,000	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 suppliers two month:
b) 25% of sales is for cash and the period of credit allowed to customers for credit sales is one month:
c) Delay in payment of wages and expenses one month:
d) Income tax Rs.2,50,000 is to be paid in June 2018.

B. A manufacturing company submits the following figures for the first quarter 2018: **10**

	Product X	Product Y	Product Z
Sales in (Units)			
January	25,000	30,000	10,000
February	20,000	25,000	10,000
March	30,000	35,000	10,000
Selling price per unit	Rs.10	Rs.20	Rs.40
Target for the first quarter 2019:			
Sales quantities increase	20%	10%	10%
Sale price increase	Nil	10%	25%

You are required to prepare the sales Budget for the 1st quarter of 2019.

Q.4 **A.** A project will cost Rs. 40,000/- It stream of earnings before depreciation interest and taxes (EBDIT) during first year to fifth year is expected to be Rs. 10,000/-, Rs. 12,000/-, Rs. 14,000/-, Rs. 16,000/- & Rs. 20,000/- Assume 50% of tax and depreciation on straight – line bases compute capital budget as per the ARR method. **10**

B. Distinguish between Management Accounting & Financial Accounting. **10**

Q.5 **A.** What is target costing? Explain its Features. **10**

B. Explain benefits of Enterprise Resource Planning. **10**

Q.6 Write short notes on any four of the following: **20**

a) Advantages of Target Costing.
b) Functions of Management Accounting.
c) Scope of Enterprise Resource planning.
d) Internal Rate Return Method of Capital Budgeting.
e) Objectives of Target Costing.
f) Tools of Management Accounting.