Goa Vidyaprasarak Mandal's Gopal Govind Poy Raiturcar College of Commerce and Economics, Ponda – Goa T. Y. B.COM. SEMESTER V REGULAR EXAMINATION CBCS NOVEMBER 2023 MANAGEMENT ACCOUNTING

Duration: 2 Hours

Marks: 80

INSTRUCTIONS:

- 1. Q. No. 1 is compulsory.
- 2. Answer any THREE questions from Q. No. 2 to Q. No. 6.
- 3. Figures to the right indicate full marks.
- 4. Working notes should form a part of the answer wherever necessary.
- Q1. Prepare a Cash Budget for the three months ending 30th June 2023 from the following information: (20)

a.

Month	Month Sales		Wages	Overheads	
	₹	₹	₹	₹	
February	10,000	7,600	2,000	1,700	
March	12,000	7,000	2,000	1,700	
April	14,000	7,200	2,200	2,000	
May	16,000	8,000	2,600	1,900	
June	17,000	8,400	3,000	2,200	

b. Credit terms are:

Sales and Debtors- 10% sales are on cash, 50% of the credit sales are collected next month and the balance in the following month **Creditors**: Material- 1 month, Wages- ¹/₂ month, Overheads- ¹/₄ month

- c. Cash and Bank balance on 1st April, 2023 is expected to be ₹ 5,000
- d. Other relevant information is as follows:
 - Plant and Machinery will be installed in February 2023 at a cost of ₹ 85,000. The monthly installment of 2,000 is payable from April onwards.
 - Dividend @ 5% on preference share capital of ₹ 1,50,000 will be paid on 1st June.
 - iii. Advance to be received for sale of vehicles ₹ 7500 in June.
 - iv. Advance income tax to be paid in June \gtrless 2,000.

Q2. Quarterdeck Ltd. provides you with the following information of Equipment "Efficient". (20)

Purchase price of machinery	Rs. 6,00,000		
Installation charges	Rs. 50,000		
Life of the machine	5 years		
Method of depreciation	Straight line		
Salvage value at end	Rs. 50,000		
Working capital	Rs. 2,00,000		
Working capital will be released at the end of 5 years			
Tax rate applicable	30%		
Cost of capital	10%		

	YearEarnings Before depreciation and tax (₹)					₹)	
	1 st Year		4,00,000				
	2 nd year		4,50,000				
	3 rd year	6,00,000					
	4 th year	5,50,000					
	5 th year	5,80,000					
Yea	ur		1	2	3	4	5
P.V. Factor at 10%		0.909	0.826	0.751	0.683	0.621	

Calculate the Net Present Value of the machinery.

Q3. A. Prepare a Flexible Budget on the basis of the following data at 70% and 90% plant capacity levels. (10)

Particulars	80% capacity		
Fixed overheads:			
Depreciation	32,000		
Insurance	8,000		
Variable overheads:			
Indirect labour	26,000		
Indirect material	8,000		
Semi-Variable overheads:			
Power (30% Fixed)	40,000		
Repairs (40% Fixed)	12,000		

Q3. B. Daniel ltd. is considering the purchase of machine "Quick". Following is the information relating to the machine. (10)

Particulars	Machine "Quick"
Cost of the machine	₹ 4,00,000
Installation charges	Rs. 1,00,000
Working life	4 years
Salvage value	₹ 20,000
Profit before depreciation and tax	
Year 1	2,00,000
Year 2	2,40,000
Year 3	2,80,000
Year 4	1,60,000

The average rate of income tax may be taken as 40%.

Calculate the Average rate of return (ARR) of machine "Quick".

of 2022:			(10)
Particulars	Product A	Product B	Product C
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	₹20	₹10	₹20
Targets for 1 st quarter of 2023			
Increase in sales quantity	20%	10%	10%
Decrease in sales price	Nil	5%	10%

Q.4. A. A manufacturing company submits the following figures for the first quarter of 2022: (10

Prepare sales budget for the first quarter of 2023.

Q4. B. Distinguish between Financial Accounting and Management Accounting. (10)

Q5. A. Explain the principles of Management Accounting.	(10)
Q5. B. What is target costing? Explain the steps involved in implementation of	f target
costing.	(10)

Q6. Write short notes on the following. (Any four) (4X5=20)

- a) Features of Enterprise resource planning.
- b) Techniques of Capital Budgeting.
- c) Objectives of Management Accounting.
- d) Functional Budgets.
- e) Objectives of Enterprise Resource Planning.
- f) Benefits of target costing.