

Total No. of Printed Pages: 03

**T.Y. B.COM. (SEMESTER V)**  
**Cost Accounting IV - Management Accounting**

[Duration: 2 hours]

[Maximum marks: 80]

**I. Instructions:**

- i. Q. 1 is Compulsory.
- ii. Answer any THREE questions from Q.no.2.to Q.no.6.
- iii. Working notes shall form part of the answer.
- iv. Figures to the right indicate maximum marks.

**Q1.****(20 marks)**

Prepare a flexible budget for variable, semi-variable and fixed costs at 60%, 80% and 100% capacity utilization. Also determine the overheads recovery rates respectively.

Particulars	(at 60% capacity) ₹
<b>Variable costs</b>	
Direct material	24,000
Direct labour	12,000
Direct expenses	30,000
Consumables	6,000
<b>Semi-variable costs</b>	
Electricity (40% fixed)	40,000
Repairs and maintenance (20% variable)	60,000
Selling expenses (60% variable)	20,000
<b>Fixed overheads</b>	
Depreciation	25,000
Insurance	6,000
Salaries and wages	28,000
Estimated direct labour hours at 60% capacity	1,50,000 hours

**Q2.****(20 marks)**

Efficient Ltd. provides you with the following information of machine "Candid".

Purchase price of machinery	₹ 6,00,000
Installation charges	₹ 1,00,000
Life of the machine	5 years
Method of depreciation	Straight line
Salvage value at end of life	₹ 50,000
Working capital	₹ 2,00,000
Working capital will be released at the end of 5 years	
Tax rate applicable	30%
Cost of capital	10%

Year	Earnings Before depreciation and tax ₹.
1 <sup>st</sup> Year	3,00,000
2 <sup>nd</sup> year	2,50,000

3 <sup>rd</sup> year	4,00,000
4 <sup>th</sup> year	5,50,000
5 <sup>th</sup> year	4,80,000

Calculate the Net Present Value of the machinery.

Year	0	1	2	3	4	5
P.V. Factor at 10%	1	0.909	0.826	0.751	0.683	0.621

**Q3.**

A) Space Saving Ltd. provided the following figures for January to May 2024.

(10 marks)

2024	Sales ₹	Salaries and wages ₹
January	4,30,000	20,000
February	3,50,000	20,000
March	4,00,000	30,000
April	4,40,000	35,000
May	5,00,000	45,000

- Opening cash and bank balance as on 1<sup>st</sup> March 2024 ₹ 75,000.
- 50% of the Sales are received in cash in the same month and the credit sales are received in the month following the sale.
- Purchases of each month are 60% of the total sales of that month. They shall be paid in the month following the month of purchase.
- The Salaries and wages shall be paid at the beginning of next month.

Prepare the cash budget for the three months March, April and May 2024, respectively.

**B)**

(10 marks)

Following are the particulars of three projects A, B & C.

Particulars	Project A	Project B	Project C
Initial cash outflow ₹	10,50,000	12,00,000	8,40,000
Annual profit (after depreciation) before tax ₹	3,00,000	3,60,000	3,30,000
Tax rate	30 %	30 %	30 %
Yearly Depreciation (straight line method) ₹	2,10,000	2,40,000	1,68,000
Life of the project	5 years	5 years	5 years

Calculate the payback period for the above 3 projects, respectively.

Q4 A)

(10 marks)

A manufacturing company submits the following figures:

	X	Y
For the first quarter of 2023		
Sales (in units)		
January	25,000	30,000
February	20,000	25,000
March	30,000	35,000
Selling price per unit	₹ 10	₹ 20
Target for the first quarter of 2024		
Sales quantity shall increase by	20%	10%
Sales price shall increase by	Nil	10%

Prepare a Sales Budget for the first quarter of 2024.

B) Distinguish between Financial Accounting and Management Accounting.

(10 marks)

Q5. A) Discuss benefits of Enterprise Resource Planning.

(10 marks)

B) Enumerate the steps involved in Target Costing.

(10 marks)

Q6. Write Short Notes on any Four of the following :

(4 x 5 = 20)

- Benefits of Target Costing.
- Functions of the Management Accounting System.
- Profitability Index for Project Evaluation.
- Features of Enterprise Resource Planning.
- Functional budgets.
- Role and Status of the Management Accountant.