T.Y.B. Com Semester V CBCS Ordinance
Examination January 2021
Cost Accounting DSE 4: Management Accounting

[Duration: Two Hours] **Total marks: 80**

Instructions:

1. Q.1 is compulsory.
2. Answer any **Three Questions** from Question 2 to question 6.
3. Figures to the **right** indicate **maximum** marks allotted.
4. Working notes should form part of the answer.

Q1. Sach ltd. is considering the purchase of two machines. The cost of Machine X will be ₹ 4,20,000 and will have life of 4 years and Machine Y will cost ₹ 4,00,000 and will have life of 5 years and no salvage value. The tax rate is 30% the company follows straight line depreciation. **(20)**

The net earnings before depreciation and tax are as follow:

Year	Machine X (₹)	Machine Y (₹)
1	120000	150000
2	130000	160000
3	140000	170000
4	180000	200000
5	200000	240000

You are required to calculate payback period for both the machines and based on calculation comment which machinery can be selected.

Q2. XYZ company ltd provides you with the following data at 50% working capacity at which it produces 10,000 units **(20)**

Particulars	At 50% capacity ₹
Direct Material	8750
Direct Labour	7000
Direct expenses	2000
Power (70% fixed)	6650
Repairs and maintenance (50% fixed)	23100
Selling expenses (30% fixed)	10000
Fixed expenses	
Depreciation	20000
Salaries and wages	70000
Other administrative expenses	4000

Prepare flexible budget to show the production at 60% and 70% capacity and also determine the total cost per unit respectively.

Q3. A) From the following forecasts of income and expenditure, you are required to prepare a cash budget for October and November. The bank balance on 1st October was ₹10,000. Other details are as under: **(10)**

Month	Sales (₹)	Purchases (₹)
July	80,000	40,000
August	76,500	42,000
September	78,000	38,500
October	90,000	37,500
November	95,000	43,000

i) Period of credit allowed by suppliers is one months.
ii) 50% of sales are for cash and the period of credit allowed to customers for credit sales in two month.
iii) Debenture interest of ₹ 20,000 is to be paid in October.

B) Calculate the Average Rate of Return (Average Investment) for Project X from the following particulars.

Cost of Project ₹ 2,00,000, expected life of asset is 4 years, tax rate is 50% net profit before depreciation and tax is as follows **(10)**

Year	₹
1	70,000
2	65,000
3	65,000
4	60,000
5	58,000

Q4. A) Prepare a production budget for 3 months ending 31st March 2020 for a factory producing four products: **(10)**

Month	Opening stock (units)	Sale (units)	Closing stock (units)
January	2,700	10,800	3,900
February	3,900	15,600	3,050
March	3,050	12,200	4,500
April	7,500	18,000	2,600

B) Explain the limitations of management accounting. **(10)**

Q5 A) Explain the need for enterprise resource planning. **(10)**

B) Explain the advantages of management accounting. **(10)**

Q6. Write short note on any four of the following: **(4x5=20)**

i) Advantages of target costing
ii) Functions of management accounting
iii) Internal rate of return method
iv) Features of enterprise resource planning
v) Sales budget
vi) Benefits of enterprise resource planning