Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY B.Com, Semester-V, Semester End Examination January 2022
Cost Accounting (DSE 4)
Management Accounting COD-114

Duration: 2hrs **Max Marks: 80**

Instructions:

1) **Question no.1 is compulsory.**
2) **Answer Any Three questions from Q.No 2 to Q.No 6**
3) **Figures to the right indicate maximum marks.**
4) **Working notes should form part of the answer.**
5) **Start each question on fresh page.**

1. The following information has been made available from the accounting records of payment of Shyam Tools Ltd. for the last six months of 2020 (and of only sales for January 2021). In respect of product X produced by it. **20 marks**

(i) The units to be sold in different months are:

July:	2,200
August:	2,200
September:	3,400
October:	3,800
November:	5,000
Dec	4,600
January2021:	4,000

(ii) There will be no work-in-progress at the end of any month.

(iii) Finished units equal to half the sales for the next month will be in stock at the end of every month (including June 2020)

(iv) Budgeted Production and production costs for the year ending December 2020 are as thus:

Production units: 44,000
Direct materials per unit: Rs.10.00
Direct Wages per unit: Rs. 4.00
Total Factory Overheads apportioned to product: RS. 88,000
It is required to prepare:

(a) Production budget for the last six months of 2020.
(b) Production cost budget for the same period.

2. ABC ltd has under consideration two mutually exclusive proposals for the purchase of new equipment: **20 marks**

Particulars	Machine X	Machine Y
Net cash outlay	1,00,000	75,000
Life years	5	5
salvage value	Nil	Nil
Profit before depreciation & Tax		
1	25,000	18,000
2	30,000	20,000
3	35,000	22,000
5	25,000	20,000
5	20,000	16,000

Assuming tax rates 50% suggest the best alternative:

Calculate Pay Back Period, Average Rate of Return, Net Present Value at 10%.

3. A) From the following forecast of income and expenditure, prepare a cash budget for the months January to April, 2019. **10 marks**

	Month	**Sales (credit)**	**Purchase (credit)**	**wages**	**Manufacturing expenses**	**Administrative expenses**	**Selling expenses**
2010	Nov	30000	15000	3000	1150	1060	500
	Dec	35000	20000	3200	1225	1040	550
2011	Jan	25000	15000	2500	990	1100	600
	Feb	30000	20000	3000	1050	1150	620
	Mar	35000	22500	2400	1100	1220	570
	April	40000	25000	2600	1200	1180	710

Additional information is as follows:

1. The customers are allowed a credit period of 2 months.

2. A dividend of Rs 10,000 is payable in April.

3. Capital expenditure to be incurred: Plant purchased on 15th January for 5,000; a Building has been purchased on 1st March and the payments are to be made in monthly installments of Rs 2,000 each.

4. The creditors are allowing a credit of 2 months.

5. Wages are paid on the 1st of the next month.

6. Lag in payment of other expenses is one month.

7. Balance of cash in hand on 1st January, 2019 is Rs 15,000.

3. B) XYZ ltd is considering 2 projects. Each project requires an investment of Rs. 10,000. The firms cost of capital is 10%. The net cash inflows from investment in 2 projects are: **10 marks**

Year	1	2	3	4	5
X	5000	4000	3000	1000	------------
Y	1000	2000	3000	4000	5000

The company has fixed 3 years payback period as the cutoff point. State which project should be accepted.

4. A) Asian ltd provides you the following information @ 80% capacity: **10 marks**

Production and sales units 2,000

Direct materials @ Re.1 p.u

Direct labour @ Re.1 p.u

Direct expense @ Re.0.80 p.u

Factory Overhead 15% variable Re. 2 p.u

Administrative Overhead 80% fixed 2 p.u

Selling Overhead 25% variable Re. 2 p.u

Total cost Re.8.80 p.u

Profit Re. 1.20 p.u

Selling price10 p.u

Prepare flexible budget at 60% and 90% capacity.

4.B) A project needs an initial investment of 50,000 and tax rate is 55%. The company follows straight line depreciation method and the proposed inflows before tax and depreciation over its expected useful life are: **10 marks**

Year	Inflow
1	10,000
2	10,000
3	15,000
4	15,000
5	25,000

Determine Payback period and profitability and Average Rate of Return before tax.

5. A) What is Target Costing and explain the merits of Target costing. **10 marks**

5.B) State and explain the Scope of Management Accounting. **10 marks**

6. Answer Any 4 of the following: **(4x5=20 marks)**

A) Tools and techniques of Management Accounting

B) Need for enterprise Resource Planning.

C) Stages involved in target costing.

D) Types of functional budgets.

E) Role of management Accountant.

F) Traditional methods of Project evaluation.