**M. COM. SEM - IV (CHOICE BASED CREDIT SYSTEM) (2012 COURSE) : SUMMER - 2019**

**SUBJECT: MANAGEMENT ACCOUNTING - II**

Day: Tuesday
Date: 07/05/2019

Time: 03.00 PM TO 06.00 PM
Max. Marks: 60

**S-2019-0498**

**N.B:**

1) All questions are **COMPULSORY**.
2) Figures to **RIGHT** indicate full marks.

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**Q.1** How cash budget is prepared? What are the advantages of cash Budgeting? **(16)**

**OR**

| **Particulars** | **At 100% capacity (Rs.)** |
|---|---|
| Materials | 6,00,000 |
| Labour | 2,00,000 |
| Variable expenses (direct) | 40,000 |
| Variable Overheads | 2,00,000 |
| Fixed Overheads | 80,000 |
| Administrative Expenses (fixed) | 40,000 |
| Selling Expenses (10% fixed) | 1,20,000 |
| Distribution Expenses (20% fixed) | 60.000 |

Prepare a budget for the production:
(a) 60% capacity. (b) 80% capacity

**Q.2** Define 'Marginal Cost' and 'Marginal Costing'. What are the objectives and limitations of marginal costing? **(16)**

**OR**

Two businesses Y Ltd and Z Ltd. Sell the same types of product in the same types of market.
Their budgeted profit and loss accounts for the coming year are as follows:

| | | **Y Ltd. Rs.** | | **Z Ltd. Rs.** |
|---|---|---|---|---|
| Sales | | 1,50,000 | | 1,50,000 |
| Less: Variable costs | 1,20,000 | | 1,00,000 | |
| Fixed Costs | 15,000 | | 35,000 | |
| | | 1,35,000 | | 1,35,000 |
| Budgeted Net profit | | 15,000 | | 15,000 |

**You are required to:**

**a)** Calculate the break- even point of each business:
**b)** Calculate the sales volume at which each of the business will earn Rs. 5,000 profit.

**Q.3** Explain the Meaning, nature and importance of Capital Expenditure Budget. **(16)**

**OR**

A company has to make a choice between three possible investments-projects. A.B. and C, the immediate capital outlays on each being Rs. 11.000. Each will continue for 5 years' and it has been decided that a discount rate of 10% is acceptable for all three. The cash flow for these projects are:

| **Particulars** | **A Rs.** | **B Rs.** | **C Rs.** |
|---|---|---|---|
| First year | 1,000 | 2,000 | 3,000 |
| Second year | 2,000 | 3,000 | 4,000 |
| Third year | 3,000 | 5,000 | 3,500 |
| Fourth year | 4,000 | 3,000 | 2,500 |
| Fifth year | 5,000 | 2,000 | 2,000 |
| The discount factor at 10% is: | | | |
| First year | 0.909 | | |
| Second year | 0.826 | | |
| Third year | 0.751 | | |
| Fourth year | 0.683 | | |
| Fifth year | 0.621 | | |

Which project would you recommend under:

**a)** Payback method.
**b)** Net present value method?

**Q.4** Write short note on **ANY THREE** of the following: **(12)**

**a)** Contribution
**b)** Margin of Safety
**c)** Master Budget
**d)** Importance of Standard costing
**e)** Limitations of standard costing

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