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SUBJECT CODE NO:- 3047
FACULTY OF COMMERCE AND MANAGEMENT
B.Com T.Y Sem.VI
Examination March/April-2022 (To Be Held In June/July-2022)
Management Accounting-II

[Time: 3:45 Hours]

[Max. Marks:80]

Please check whether you have got the right question paper.

N.B

1. Q.1 is compulsory.
2. Solve any 04 from the following Q.2 to Q.7

Q.1 A) Write the correct answer from given alternatives.

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- 1) Master Budget is also known as _____ Budget.
 - a) Top level
 - b) Comprehensive
 - c) Average
 - d) None of these
- 2) Project having _____ PBP is preferred.
 - a) Low
 - b) High
 - c) Medium
 - d) None of these
- 3) Working capital is also known as _____
 - a) Fixed capital
 - b) Owner capital
 - c) Circulating capital
 - d) None of these
- 4) Budget are classified on the basis of _____
 - e) Function
 - f) Time
 - g) Flexibility
 - h) All of these
- 5) Gross working capital is based on _____
 - a) Entity concept
 - b) Gong concern concept
 - c) Matching concept
 - d) None of these

B) Answer in one sentence

05

- i) What is working capital
- ii) What is Master Budget?

- iii) Write the meaning of capital budget
- iv) What is cost centre?
- v) What is PBP

C) Fill in the Blanks

- i) Master Budget is _____ Budget.
- ii) Cash Budget is also known as _____ budget.
- iii) Budgetary control helps in implementing _____ costing.
- iv) Contribution is difference between and variable cost
- v) Depreciation is the source of working capital.

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D) True of False.

- i) Excess of fixed assets over Liabilities is working capital.
- ii) Master budget is summary budget
- iii) Net present value method is based on cash inflow.
- iv) Capital budgeting is part of investment decision
- v) A project is accepted when the Net present value is greater than zero.

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Q.2 Prepare cash budget for the months of June, July, August and September 2023 the following details of estimated receipts and payment have been provided. 15

i. Income and expenditure forecasts:-

Months	Total Sales(RS)	Credit Purchase (RS.)	Wages (RS.)	Overheads (RS)
April	16,80,000	7,90,000	6,50,000	2,00,000
May	18,00,000	8,40,000	7,00,000	1,50,000
June	20,00,000	10,00,000	6,80,000	1,60,000
July	19,50,000	11,50,000	6,60,000	1,40,000
August	21,50,000	12,50,000	6,60,000	2,40,000
September	24,00,000	11,90,000	6,90,000	2,10,000

- ii. 20% of total sales are on cash basis
- iii. Credit period allowed by suppliers is 2 month
- iv. Delay in payment of wages $\frac{1}{2}$ month
- v. Delay in payment of overheads is 1 month
- vi. Dividend on investments amounting to Rs. 1, 80, 000 are expected to be received in June 2023.
- vii. A new machinery was purchased in June 2023 at a cost of Rs. 15,00,000 in installment system, which is payable in 15 equal installments from July 2023 on wards
- viii. Advance tax of Rs. 1, 50, 000 payable in June and August 2023
- ix. Cash balance on 1st June expected to be Rs. 2,50,000
- x. Credit period allowed to customers is one month.

Q.3 National Engineering Ltd. Is considering the purchase of a new machine for its expansion programme. There are two alternative models M₁ and M₂ suitable for the purpose. The detail information is as follows:-

Particulars	Machine M ₁ Rs	Machine M ₂ Rs
Cost of Machine	9,00,000	15,00,000
Estimated life of machine	6 years	5 years
Estimated saving in direct wages	4,00,000	8,00,000
Estimated saving in scrap	45,000	65,000
Cost of indirect Material	36,000	90,000
Additional cost of maintenance	46,000	60,000
Additional cost of supervision	63,000	1,00,000
Tax rate	50 %	50%
Depreciation	Straight line method	Straight line method

Calculate:-

- 1) Annual cash inflows
- 2) Evaluate the best alternative machine under pay-back period

Q.4 What do you mean by working capital management? What the sources of working capital in detail. 15

Q.5 A company Manufactures two products. A and B and the budgeted sales Unit for the seven Month year 2023 15

Month	Product A (units)	Product B (units)
January	1000	2800
February	1200	2800
March	1600	2400
April	2000	2000
May	2400	1600
June	2400	1600
July	2000	1800

Budgeted production and production cost for 31st Dec 2023

Particulars	Product A (RS.)	Product B (RS.)
Production Unit	22,000	24000
Direct Material per Unit	Rs. 12.50	Rs.19
Direct Wages per Unit	Rs. 4.50	Rs.7
Total factory overhead	Rs. 60,000	Rs. 96,000

It is assumed that

- 1) There will be no work –in progress in the end of any month and
- 2) Finished units equal to half the sales for the following month will be kept in stock.

You are required to prepare

- 1) Production budget for each month for 06 month ending 30 June 2023.

2) Summarized production cost budget 31st December 2023.

Q.6 Write the meaning and definition of responsibility Accounting. Explain the benefits of responsibility Accounting. 15

Q.7 Write short note on any Three. 15

- 1) Responsibility Reporting
- 2) Budgetary control
- 3) Classification of Budget
- 4) Discounted cash flow