**Management Accounting**

**June 2022 Examination**

**Q1. In the last few months, companies are not earning sufficient profit; you wanted to save your company from bankruptcy. As a manager, how you will handle the situation. How does management accounting help managers for making the correct decision? (10 Marks)**

**Ans 1.**

**Introduction:**

Because of its "beneath the radar" nature, most entrepreneurs are unaware that a managerial accounting division is one of the company's most crucial components. Control accountants are experts who do internal studies to influence an employer's average strategy. Their role is to generate inner economic statements, files, and data to help management accomplish short and long-time corporate objectives. Put every other manner, and they must transform complex Its Half solved only

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**Q2. ABC Ltd. and XYZ Ltd. are amalgamated for expansion and growth. The new name of the Company is ABXY Ltd. This ABXY Ltd is preparing a budget for the company. What fundamental principles of budgeting management have to follow? (10 Marks)**

**Ans 2.**

**Introduction:**

Budgeting is the most significant degree of accountancy in the future, indicating a clean course of action rather than simply reporting. Developing, adapting, and operating budgets is known as budgeting. Budget-making plans and planning, budgetary management, and related procedures are all managed. Lengthy-range making plans, monetary glide, capital spending, and venture management are all examples of administrative regulations. It's vital to comprehend that

**Q3a. ABC Ltd. is a mobile manufacturing company. Compared to competitors' products, ABC Ltd. products are costly, and continued demand for the product decreases in the market. Now the company is planning to reduce the cost of the product. How will the cost reduction strategy be helpful for the management? (5 Marks)**

**Ans 3a.**

**Introduction:**

Cost-reducing does precisely what it says on the tin. It's a way for organizations to store money and increase their earnings. Relying on their items, offerings, and current funding, corporations can undertake this strategy in various ways. Value-reducing techniques will help each giant and small organization. They can use these strategies to combat high operational costs that don't

**3.b. The cloth manufacturing company has cash in hand of Rs.25000 on 1st Jan 2020. Prepare a cash budget for the month of Jan 2020. (5 Marks)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Month** | **Sales****(in Rs.)** | **Purchase****(in Rs.)** | **Wages****(in Rs.)** | **Expenses****(in Rs.)** |
| **November 2019** | **25000** | **10000** | **5000** | **3000** |
| **December 2019** | **30000** | **15000** | **5000** | **2500** |
| **January 2020** | **40000** | **20000** | **6000** | **4000** |
| **February 2020** | **50000** | **25000** | **6000** | **4000** |
| **March 2020** | **60000** | **30000** | **7000** | **5000** |

**2. 25% are cash sales, and 75% are credit sales. The period of credit is one month.**

**3. Tax paid of Rs. 7500/- in the month of March.**

**4. Wages and expenses are paid in the following months.**

**Ans 3b.**

**ntroduction:**

A cash budget is a forecast of a company's cash flows over a fixed period. This might be per week, month, quarter, or year finances. This budget determines whether the entity has enough cash to keep functioning for the desired duration. The cash budget offers the firm visibility into its coins needs (in addition to any excess) and assists in determining the handiest coins