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| **SESSION** | **April 2023** |
| **PROGRAM** | **Master of COMMERCE (M.com)** |
| **SEMESTER** | **II** |
| **course CODE & NAME** | **DCM 6202 MANAGEMENET ACCOUNTING** |
| **CREDITS** | **4** |

**Assignment Set – 1**

**1. The following data are available in a manufacturing company for a yearly period:**

|  |  |
| --- | --- |
| **Fixed Expenses:** | **(Rs. Lakhs)** |
| **Wages & Salaries** | **9.50** |
| **Rent, rates, and taxes** | **6.60** |
| **Depreciation** | **7.40** |
| **Sundry administrative expenses** | **6.50** |
| **Semi- Variable Expenses (at 50% Capacity)** |  |
| **Maintenance and repairs** | **3.50** |
| **Indirect Labour** | **7.90** |
| **Sales department salaries** | **3.80** |
| **Sundry administrative expenses** | **2.80** |
| **Variable expenses (at 50% Capacity)** |  |
| **Materials** | **21.70** |
| **Labour** | **20.40** |
| **Other expenses** | **7.90** |
|  | **98.00** |

**Assume that the fixed expenses remain constant for all levels of production, and semi-variable expenses remain constant between 45% and 65% of capacity, increasing by 10% between 65% and 80% capacity and by 20% between 80% and 100% capacity. Sales at various levels are:**

|  |  |
| --- | --- |
| **50% Capacity** | **100 Lakhs** |
| **60% Capacity** | **120 Lakhs** |
| **75% Capacity** | **150 Lakhs** |
| **90% Capacity** | **180 Lakhs** |
| **100% Capacity** | **200 Lakhs** |

**Prepare a flexible budget for the year and forecast the profits at 60%, 75% and 100% capacity.**

**ANS:**To prepare a flexible budget for the year and forecast the profits at 60%, 75%, and 100% capacity, we need to calculate the expenses for each level of production and subtract them from the corresponding sales figures.

**Let's calculate the flexible budget and forecast the profits:**

**Fixed Expenses (Rs. Lakhs):**

**Wages & Salaries:** 9.50

**Rent, rates,**

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**2. “The technique of marginal costing can be a valuable aid to management”. Examine the statement with respect to the application of marginal costing in decision-making.**

**ANS:The statement** "The technique of marginal costing can be a valuable aid to management" is indeed true. Marginal costing, also known as variable costing, is a costing technique that separates fixed costs from variable costs and focuses on the impact of changes in production volume on costs and

**3. “Analysis without interpretation is meaningless and interpretation without analysis is impossible”. Discuss in the light of above statement concept and significance of financial statement analysis.**

**ANS:The statement** "Analysis without interpretation is meaningless and interpretation without analysis is impossible" emphasizes the inseparable relationship between analysis and interpretation. This principle applies to financial statement analysis, which involves the examination and evaluation

**Assignment Set – 2**

**4. The following schedule shows the balance sheet in the condensed form of Machinery manufacturing company Ltd. at the end of the year 2022:**

|  |  |  |
| --- | --- | --- |
| **Assets** | **1-1-2023 (Rs.)** | **31-12-2023 (Rs.)** |
| **Cash and Bank Balance** | **90000** | **90000** |
| **Sundry debtors** | **67000** | **43000** |
| **Temporary investments** | **110000** | **74000** |
| **Prepaid expenses** | **1000** | **2000** |
| **Stock in trade** | **82000** | **106000** |
| **Land & Buildings** | **150000** | **150000** |
| **Machinery** | **52000** | **70000** |
|  | **552000** | **535000** |
| **Liabilities & Capital** |  |  |
| **Sundry creditors** | **103000** | **96000** |
| **Outstanding expenses** | **13000** | **12000** |
| **8% Debentures** | **90000** | **70000** |
| **Depreciation Fund** | **40000** | **44000** |
| **Reserve for contingencies** | **60000** | **60000** |
| **Profit & Loss Account** | **16000** | **23000** |
| **Capital** | **230000** | **230000** |
|  | **552000** | **535000** |

**The following information concerning the transactions is available: -**

1. **10% dividend was paid in cash.**
2. **New machinery for Rs.30000 was purchased but old machinery costing Rs.12000 was sold for Rs.4000; accumulated depreciation was Rs.6000.**
3. **Rs.20000 8% debentures were redeemed by purchase from open market @96 for debentures of Rs.100.**
4. **Rs.36000 investments were sold at book value.**

**ANS: To analyze the impact of the given transactions on the balance sheet of Machinery Manufacturing Company Ltd., let's go through each transaction step by step:**

10% dividend was paid in cash: This transaction affects the Cash and Bank Balance on the Assets side and the Profit & Loss Account on the Liabilities & Capital side. The Cash and Bank Balance will decrease by the amount of the dividend paid, and the Profit & Loss Account will decrease by the same amount.

**New machinery for Rs. 30,000 was purchased, but old machinery costing Rs. 12,000 was sold for Rs. 4,000;**

**5. Describe the principle ratios which you consider significant while interpreting the published accounts of a company and explain the inferences which may be drawn from them.**

**ANS:**When interpreting the published accounts of a company, several key financial ratios can provide valuable insights into its financial performance, stability, and efficiency.

**Here are some**

**6. According to Kaplan and Norton “balanced scorecard is not a template to be applied to businesses in general or even industry wide. Businesses must devise customized scorecards to fit**

**ANS:**According to Kaplan and Norton, the Balanced Scorecard is not a one-size-fits-all template, but rather a framework that businesses should customize to suit their specific market situations, product strategies, and competitive pressures. The Balanced Scorecard consists of four perspectives that provide a comprehensive view of a company's performance.

**Let's explore these perspectives**