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| **SESSION** | **Sep 2023** |
| **PROGRAM** | **M.Com** |
| **SEMESTER** | **II** |
| **course CODE & NAME** | **DCM6202\_Management accounting** |
| **CREDITS** | **4** |

**Set – 1**

**Questions**

**1. a) Differentiate between standard costing and budgetary control**

**b) Calculate Labour cost variance from the information:**

**Standard production    : 100 units**

**Standard Hours     : 500 hours**

**Wage rate per hour    : Rs. 2**

**Actual production    : 85 units**

**Actual time taken    : 450 hours**

**Actual wage rate paid   : Rs. 2.10 per hour.**

**Ans: Definition:**

**Standard Costing:** It is a system that establishes predetermined costs for producing goods or services. These costs serve as benchmarks against which actual costs are compared.

**Budgetary Control:** It is a process of planning, coordinating, and controlling an organization's activities by establishing budgets and comparing actual performance against the budget.

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**2. Explain in detail the classification of budgets according to**

**(a) Time**

**(b) Functions and**

**(c) Flexibility.**

**Ans: Classification of Budgets:** Budgets, as financial planning tools, can be classified based on various criteria such as time, functions, and flexibility.

**Let's explore each classification in detail:**

**a) Classification According to Time:**

**Long-term Budgets:**

**Time Frame:** Typically

**3. The following figures of sales and profits for two periods are available in respect of a concern:**

|  |  |  |
| --- | --- | --- |
|  | **Sales (Rs.)** | **Profit (Rs.)** |
| **Period I** | **100000** | **15000** |
| **Period II** | **120000** | **23000** |

**You are required to find out:**

1. **P/V Ratio**
2. **Fixed cost**
3. **Break-even point**
4. **Profit at an estimated sale of Rs.125000**
5. **Sales required to earn a profit of Rs.20000**

**Ans:**To find the answers to the questions, we'll use the formulas related to the Profit-Volume (P/V) Ratio, Fixed Cost, Break-Even Point, and Profit calculation.

The Profit-Volume (P/V) Ratio is calculated as the ratio of contribution to sales. The contribution is calculated as sales minus variable expenses.

**Given**

**Set – 2**

**Questions**

**1. The following is the balance sheet of Heinz in Ltd. Convert these into common size Balance sheets and interpret the same.**

|  |  |  |
| --- | --- | --- |
| 1. **Equity & Liabilities:** | **2021** | **2022** |
| 1. **Shareholders’ funds:** |  |  |
| 1. **Share Capital** | **300000** | **300000** |
| 1. **Reserves & Surplus** | **650000** | **436000** |
| 1. **Non-Current Liabilities:** |  |  |
| 1. **Long-term Borrowings** | **250000** | **200000** |
| 1. **Current Liabilities:** |  |  |
| 1. **Trade Payables** | **285000** | **240000** |
| 1. **Short-term provisions** | **15000** | **24000** |
|  | **15,00,000** | **12,00,000** |
| 1. **Assets** |  |  |
| 1. **Non-Current assets:** |  |  |
| 1. **Fixed assets** | **500000** | **500000** |
| 1. **Non-Current investments** | **310000** | **196000** |
| 1. **Current assets:** |  |  |
| 1. **Inventories** | **369000** | **258000** |
| 1. **Trade receivables** | **225000** | **198000** |
| 1. **Cash and Cash equivalents** | **96000** | **48000** |
|  | **15,00,000** | **12,00,000** |

**Ans:**

**Common Size Balance Sheets:** A common size balance sheet expresses each item as a percentage of the total assets. This helps in understanding the proportion of each component in relation to the total assets. Similarly, the liabilities and equity are expressed as a percentage of the total liabilities and equity.

**Here are the**

**2. “Responsibility accounting is a responsibility set-up of management accounting”. Comment on the statement by detailing on components, and types of responsibility centres. Also, state the advantages and disadvantages of responsibility accounting.**

**Ans:**

**3. The following are the ratios relating to the activities of National Traders Ltd.**

**Stock Velocity : 6 Months**

**Creditors Velocity : 2 Months**

**Debtors Velocity : 3 Months**

**Gross Profit ration : 25%**

**Gross Profit for the year ended 31st Dec2020 amount to Rs.400000. Closing stock of the year is Rs.10000 above the opening stock. Bills receivable amount to Rs.25000 and bills payable to Rs.10000**

**Find Out:**

1. **Sales**
2. **Purchases**
3. **Sundry creditors**
4. **Sundry debtors**
5. **Closing stock**

**Ans: Responsibility Accounting:** Comment on the Statement: The statement "Responsibility accounting is a responsibility set-up of management accounting" highlights the role of responsibility accounting in allocating responsibility and accountability within an organization's