

Semester I – 101**MANAGEMENT ACCOUNTING****Faculty Name: Dr. Manisha Khaladkar**

Instructions:

1. The subject is evaluated on the basis of three components.

Component No.	Component	Marks	Submission Date
1	Situation Analysis	50	4 th Nov. 2023
2	Written Home Assignment	50	18 th Nov. 2023
3	Term Paper	50	

2. Submission:

- a) Assignment to be submitted in person.
- b) Assignment must be written on assignment paper.
- c) Student Name, Division, Contact Number, email-id component must be clearly mentioned.

Situation Analysis

Financial Statements are given below. Do the situation analysis of any one from the manufacturing sector and any one from the service sector.

- 1) Read Annual Report of the Organization.
- 2) Elaborate what you understand from the annual report and explain any 5 notes.
- 3) Write – Comparison (what change happened) of Assets and liabilities separately and interpret in your own words.

- 4) Calculate current Ratio for the both year and write analyses and interpretation in your own words
- 5) Suggest appropriate action to the company.

Note:

Current Ratio Formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Ideal Current Ratio 2:1

To get the balance sheet click below:

<https://www.mahindra.com/sites/default/files/2024-01/MM-Annual-Report-2022-23.pdf>

OR

<https://www.tatamotors.com/wp-content/uploads/2023/06/annual-report-2022-2023.pdf>

OR

https://www.heromotocorp.com/content/dam/hero-aem-website/in/investors/financial-results/annual-reports/annual-reports/Annual_Report_2022-23.pdf

OR

<https://www.infosys.com/investors/reports-filings/annual-report/annual/documents/infosys-ar-23.pdf>

OR

https://b.zmtcdn.com/investor-relations/Zomato_Annual_Report_2022-23.pdf

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Written Home Assignment

1. What are the different form of business organization?
2. Describe the difference between Accounting Concepts & Conventions.
3. Explain difference between Management Accounting and Cost Accounting.
4. What do you mean by financial statement? Explain its advantages and limitations.
5. Describe the accounting concepts and conventions.
6. Short notes on:
 - a. Break-even point
 - b. Capital & Revenue Expenditure
 - c. Classification of costs
 - d. Idle Time Variance
 - e. Standard Costing
 - f. Items excluded from cost sheet

7. Following is the Trial balance of Mr. Rajivkumar for the year ended 31st March 2018, Prepare final A/c.

Particulars	Debit (Rs)	Credit (Rs)
12% Investment	35000	
Stock as on 01/04/2016	30400	
Purchases	98700	
Sales		207600
Carriage Inwards	2900	
Carriage Outward	5600	
Salary	19600	
Vehicle	8400	
Printing and Stationery	6870	
Insurance on Machinery	8420	
Plant and Machinery	70000	
Furniture and Fixtures	18000	
Vehicles	25000	
Debtors	36000	
Creditors		46700
Capital		125000
Commission received		5400
Loan		16000
Rent paid	12000	
Cash in hand	2500	
Cash at Bank	24000	
Interest on bank		2690
Total:	403390	403390

Adjustments:

- 1) Closing stock is valued at Rs. 22420/-
- 2) Depreciation provided @ 10% on plant & Machinery, 5% on Vehicles and 2.5% on Furniture and fixtures.
- 3) Provided R.D.D. @ 5% on debtors.
- 4) Outstanding salary is Rs. 4800/-

8. From the following Trial Balance of Shri. Krishna Prepare Trading and Profit and Loss Account for the year ended 31st March 2021 and a Balance Sheet as on the date.

Particulars	Amt.
Opening Stock	120,000
Salaries & Wages	12,000
Railway Freight	5,000
Purchases	120,000
Bills Receivable	1,200
Rent	7,500

Sales	253,000
Reserve for Bad Debts	1,000
Sundry Creditors	32,600
Return outward	1,500
Bad debts	300
Plant & Machinery	20,000
Travelling Expenses	6,000
Commission received	1,0000
Repairs to plant	1,200
Cash at Bank	2,400
Building	50,000
Return inward	1,000
Sundry debtors	35,000
Office Expenses	5,000
Drawings	6,500
Capital	50,000
Bank Loan	54,000

Consider the following:

- Closing stock Rs 35,000.
 - Unexpired insurance amounting to Rs.500 is included in office expenses, Office expenses due but not paid Rs. 300.
 - Make a provision for unpaid salaries Rs.1200
 - Commission received but not earned Rs. 400
 - Provide interest on capital @5% and Reserve @5% for bad debts
9. The following figures extracted from the books of Alfa Ltd for the year ended on 31.3.2021. As a Cost Accountant you are required to prepare a statement of the cost to show the prime cost, factory cost, cost of production, total cost and calculate profit/loss for the year 2020-22.

Particulars	Amount Rs.
Direct Materials	70000
Indirect Wages	10000
Factory Rent & Rates	50000
Indirect Materials	500
Depreciation of Office Assets	100
General Factory Expenses	5700
General Selling Expenses	1000
Office Salaries	4500
Advertisements	2000
Direct Wages	75000
Other Direct Expenses	15000
Office Rent & Rates	500
Depreciation of Machines	1500
Salary to Managing Directors	12000
Travelling Expenses	1100

General Office Expenses	1000
Carriage Outward	1000
Sales	250000

10. From the following information prepared cost sheet.

Consumable store	10,000
Audit Fees	5,000
Director Fees	5,000
Power and Fuel	1,000
Showroom Rent	1,000
Warehouse charges	1,000
Electricity	2,000
Opening stock of Raw Material	1,14,300
Closing stock of Raw Material	1,00,000
Purchases of Raw Material	6,32,000
Productive Wages	2,30,000
Factory Overheads	1,10,000
Administrative Overheads	46,000
Opening stock of Finished Goods	44,000
Closing stock of Finished Goods	56,000
Selling and Distribution Overheads	34,000
Sales	16,00,000

Find out:

- i) Prime Cost ii) Works Cost iii) Cost of Production
iv) Cost of Goods Sold v) Profit

11. Aadesh Enterprise Ltd furnished you the following related to the year 2021.

	Rs.
Sales	150000
Variable cost	120000
Gross Profit	60000
Fixed cost	20000
Net Profit	40000

You have appointed as Cost Accountant, analyse the following:

1. P/V Ratio
2. BEP
3. Profit when sales are Rs. 400000
4. Sales required to earn a profit of Rs. 80000
5. Margin of safety when sales are Rs. 400000

12. Maya Enterprisers Ltd. revealed from following:

Year	2021	2022
Profit	5,00,000	7,00,000
Sales	20,00,000	25,00,000

- Calculate:
- P/V Ratio
 - Fixed cost
 - Break Even Sales
 - Sales to earn profit Rs. 10 Lakhs
 - Margin of safety for the year 2021

13. The Expense for budgeted production of 10,000 units in a factory is furnished below:

	Per Unit Rs.
Material	70
Labour	25
Variable overheads	20
Fixed overheads	15
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	20
Distribution Expenses (20% Fixed)	15
Administration Expenses	10
Total cost of sales per unit	180

Prepare a budget for production of 8000 units and 9000 units. Assume that administration expenses are rigid for all levels of production.

14. The production of 10,000 electrical automatic irons the following are the budgeted expenses.

Direct Materials	120
Direct Labour	60
Variable overheads	50
Fixed Overheads (Rs. 1,50,000)	15
Variable expenses (Direct)	10
Selling expenses (10% Fixed)	30
Administrative expenses (Rs. 1,00,000) rigid for all levels of production	10
Distribution expenses (20% Fixed)	10
Total cost of sale p.u.	305

Prepare a budget for production of 6000 and 7000 irons, showing distinctly marginal cost and total cost.

15. M.K. Exports Ltd. wishes to arrange overdraft facilities with its bankers during the period April-June 2021 when it will be manufacturing mostly for stocks. A company is appointed you as a finance executive. As a finance executive you are required to evaluate and prepare a cash budget for this period from the following data, indicating the extent of the bank facilities the company will require at the end of each month.

Period	Sales Rs.	Purchases Rs.	Wages Rs.
Feb. 2021	1,80,000	1,24,000	12,000
March 2021	1,92,000	1,44,000	14,000
April 2021	1,08,000	2,43,000	11,000
May 2021	1,74,000	2,46,060	10,000
June 2021	1,26,000	2,68,000	15,000

- 50 per cent of the sales are realised in the month following the sales and the remaining 50 per cent in the second month following.
 - Creditors are paid in the month following the month of purchase.
 - Advanced income tax is to be paid in the month of June amounting Rs. 12,000.
 - Cash at bank on 1st April 2021 is Rs. 1, 00,000.
 - 20% of total sale are for Cash.
16. A newly started Laxo Company wishes to prepare cash budget from April. Prepare a cash budget for the January to March from the following estimated revenue and expenses:

Month	Total Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Production Overheads (Rs.)	Selling & Distribution overheads (Rs.)
January	2,00,000	2,00,000	40,000	32,000	8000
February	2,20,000	2,00,000	44,000	33,000	9000
March	2,80,000	2,50,000	46,000	34,000	9000

- Cash balance on 1st January was Rs.25,000.
- A new machinery is to be installed at Rs.20,000 on credit, to be repaid by two equal installments in March & April.
- Rs.10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs.2,000 is also obtainable with the 2nd call.
- Sales commission @5% on total sales is to be paid within a month following actual sales.
- Period of credit allowed by suppliers – 2 months
- Period of credit allowed by customers – 1 months
- Delay in payment of wages $\frac{1}{2}$ months & overheads 1 month.
- Assume cash sales to 50% of total sales.

17. Find out Material Variances from the given information:

Material	Standard		Actual	
	Qty. Kgs.	Price Rs.	Qty. Kgs.	Price Rs.
Material A	40	10	20	35
Material B	20	20	10	20
Material C	20	40	30	30
	220		240	

- a) Material Cost Variance
- b) Material Price Variance
- c) Material Usage Variance
- d) Material Mix Variance

18. As a finance executive you are required to assess Material Cost Variance, Material Price Variance, Material Usage Variance and Material Mix Variance from the given information:

	Standard			Actual		
	Qty. Kgs.	Price Rs.	Value Rs.	Qty. Kgs.	Price Rs.	Value Rs.
Material A	1000	5	5000	1000	4	4000
Material B	800	4	3200	900	5	4500
Material C	400	2	800	500	3	1500
	2200		9000	2400		1000

19. Find out Labour Variances from the given information:

	Standard			Actual		
	Hour s	Rate Rs.	Amount Rs.	Hours	Rate Rs.	Amount Rs.
Skilled	30	5	150	32	5	160
Unskilled	40	4	160	32	4.25	136
	70		310	64		296

- a) Labour Cost Variance
- b) Labour Rate Variance
- c) Labour Efficiency Variance
- d) Labour Mix Variance

20. Following are the details of a job which is expected to be complete within 50 weeks.

Grade of workers	Standard		Actual	
	No. of workers	Weekly wage rate per workers Rs.	No. of workers	Weekly wage rate per workers Rs.
	Hours	Amount Rs.	Hours	Rate Rs.
Skilled	80	75	70	80
Semi-skilled	40	50	40	60
Unskilled	50	35	50	20

55 weeks were taken to complete the job, Calculate-

- Labour Cost Variance
- Labour Rate Variance
- Labour Efficiency Variance
- Labour Mix Variance