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| **SESSION** | **july-august 2024** |
| **PROGRAM** | **BACHELOR OF COMMERCE (B.com)** |
| **SEMESTER** | **V** |
| **course CODE & NAME** | **DCM3101 Management Accounting** |
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**Set – 1**

**1. Surya Ltd. is preparing a cash budget for the quarter ending March 31, 2024. The following information is provided:**

**Expected Sales (all credit):**

**January: Rs. 200,000**

**February: Rs. 250,000**

**March: Rs. 300,000**

**Expected Cash Collections:**

**60% of sales are collected in the month of sale.**

**40% of sales are collected in the following month.**

**Purchases (all on credit):**

**January: Rs. 150,000**

**February: Rs. 200,000**

**March: Rs. 250,000**

**Expected Cash Payments for Purchases:**

**70% of purchases are paid in the month of purchase.**

**30% of purchases are paid in the following month.**

**Other Cash Expenses:**

**Wages and Salaries: Rs. 30,000 per month**

**Rent: Rs. 10,000 per month**

**Miscellaneous Expenses: Rs. 5,000 per month**

**Opening Cash Balance on January 1: Rs. 50,000**

**Based on this information, prepare a monthly cash budget from Jan- March 2024 the quarter ending March 31, 2024 for Surya Ltd.**

**Ans 1.**

**Preparation of Cash Budget for Surya Ltd. (January to March 2024)**

A cash budget is a financial tool that estimates an organization's cash inflows and outflows over a specific period. It ensures liquidity, monitors financial operations, and aids in decision-making for funding and investments. For Surya Ltd., we prepare the cash budget for the first quarter of 2024 using the provided data. Here's a detailed breakdown:

### Step 1: **Understanding the Cash Budget Concept**

A cash budget includes three primary components:

1. **Cash Inflows:** Expected receipts such as collections from credit sales.

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**2. Define standard costing. Explain the advantages and limitations of standard costing**

**Ans 2.**

**Definition of Standard Costing**

Standard costing is a management accounting technique that involves establishing predetermined costs for products or services, which are then compared to the actual costs incurred. The differences between these costs, known as variances, are analyzed to improve operational efficiency, control costs, and enhance decision-making. Standard costs are usually based on historical data, industry benchmarks, or managerial estimates and are

**3. The following figures relate to the quantity of material required for the production of two types of High-grade steel X and Y in a steel manufacturing firm**

|  |  |  |
| --- | --- | --- |
|  | **Standard** | **Actual** |
|  | **Quantity (Kgs)** | **Price** | **Amount** | **Quantity (Kgs)** | **Price** | **Amount** |
| **X** | **60** | **10** | **600** |  **80** | **12** | **960** |
| **Y** | **90** | **20** | **1800** |  **60** | **25** | **1500** |
|  | **150** |  | **2400** | **140** |  | **2460** |

**Compute:**

1. **Total Material Cost Variance**
2. **Material Price Variance for X and Y**
3. **Material Usage Variance for X and Y**

**Ans 3.**

To compute the material variances for the given data, we follow these steps:

### **1. Total Material Cost Variance (MCV)**

#### **Formula:**

$$Total Material Cost Variance (MCV)=Standard Cost-Actual Cost$$

#### **Calculation:**

* Standard Cost = ₹2400
* Actual Cost = ₹2460

**Set – 2**

**4. Shivam Ltd. provides the following financial ratios and information for the year ending 2023:**

1. **Current Ratio: 2.5**
2. **Quick Ratio: 1.5**
3. **Debt-Equity Ratio: 0.6**
4. **Total Assets: Rs.10,00,000**
5. **Inventory: Rs.100,000**
6. **Fixed Assets: Rs.600,000**

**Using the information provided, prepare a Balance Sheet for Shivam Ltd.**

**Ans 4.**

To prepare the **Balance Sheet for Shivam Ltd.**, we will use the given financial ratios and additional data provided. Here are the detailed steps:

### **Step 1: Understanding Key Financial Ratios and Their Formulas**

1. **Current Ratio**

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

Given: Current Ratio = 2.5

1. **Quick Ratio**

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

Given: Quick Ratio = 1.5

**5. Discuss the objectives, benefits, and challenges in implementing Human Resource Accounting in an organization.**

**Ans 5.**

**Human Resource Accounting: Objectives, Benefits, and Challenges**

**Objectives of Human Resource Accounting (HRA)**

Human Resource Accounting aims to quantify and disclose the value of human resources as organizational assets. One primary objective is to recognize the economic value of employees and their contribution to organizational growth. By assigning a monetary value to human resources, HRA ensures that investments in employee training, development, and well-being are accounted for as strategic decisions. Another objective is to assist management in effective decision-making by providing data on workforce costs and returns. This information can help

**6. Analyse the objectives of a funds flow statement and evaluate how a funds flow statement differs from a cash flow statement.**

**Ans 6.**

**Objectives and Comparison of Funds Flow and Cash Flow Statements**

A funds flow statement is a financial tool used to analyze changes in an organization’s financial position between two accounting periods. One of its primary objectives is to track the movement of funds, focusing on the sources and uses of long-term funds. This statement provides insights into how financial resources are generated and utilized, enabling organizations to understand their ability to finance expansion, repay debt, or address working capital needs. Another objective is to identify changes in the working capital position by