**Management Accounting**

**Internal Assignment Applicable for June 2023 Examination**

**Question 1 Riyaz Company is excepting to maintaining balance of cash in hand Rs 40000 as on 1st January 2021. From the following information given below. Prepare a cash Budget for 3 months from January to March 2021.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Months**  | **Sales ( in Rs)**  | **Purchase ( in Rs)**  | **Wages ( in Rs)**  |
| **November**  | **20000**  | **30000**  | **8000**  |
| **December**  | **30000**  | **25000**  | **10000**  |
| **January**  | **36000**  | **22000**  | **15000**  |
| **February**  | **40000**  | **40000**  | **20000**  |
| **March**  | **42000**  | **32000**  | **10000**  |

**Additional Information:**

**1) Credit allowed by supplier is 2 months.**

**2) Wages is paid in the following month**

**3) Dividend paid in the month of March Rs 10000**

**4) Interest received Rs 5000 in the month of January.**

**5) Cash sales is 20 % and remaining credit sales is received in the following month.**

**Answer**

**Introduction**

A cash budget is an essential piece of financial software that assists companies in forecasting and managing their cash inflows and expenditures over the course of a given time period. It enables businesses to effectively plan and allocate their available cash resources to meet their financial obligations, such as purchases, wages, and other expenses, while still maintaining an adequate cash balance. This is made

**Question 2**

 **“Cost Reduction is to be understood as the achievement of real and permanent reduction in the unit cost of goods manufactured or services rendered without impairing their suitability for the use intended or diminution in the quality of the product”. The above definition highlights the concept and characteristics so briefly discuss on it.**

**Answer:**

**Introduction**

The goal of cost reduction in modern business management is to achieve a real and permanent reduction in the unit cost of goods manufactured or services rendered, without compromising the suitability of the goods or services for the use for which they were designed or the quality of the product as a whole. It is not a one-time occurrence but rather a methodical and ongoing process that entails reviewing costs, locating possibilities to save money on expenditures, and putting It is only half solved

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**Question 3a Shirin Ltd furnished the following information regarding sales and profit/loss from year 2020 to 2021**

|  |  |  |
| --- | --- | --- |
| **Year**  | **Sales**  | **Profit/loss**  |
| **2020**  | **400000**  | **( 20000)**  |
| **2021**  | **700000**  | **10000**  |

**Explain the concept of profit volume ratio and calculate P/v ratio and Break even point**

**Q3b. Kanchan Ltd gives you the following information as standard rate is Rs 15, Actual rate is Rs 10. Actual output is 2500 and standard output is 3000. Compute variable overhead efficiency variance and variable overhead expenditure variance and interpret on it.**

**Introduction**

The profit volume (P/V) ratio is a financial metric that measures the link between the contribution margin (i.e., the difference between sales revenue and variable costs) and the sales revenue. It does this by dividing the contribution margin by the sales revenue. After taking into account all of the company's variable expenditures, it reveals the proportion of each rupee of sales that goes