

SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA

UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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ASSIGNMENT PAPER 2020

M. COM-3

SUBJECT: ADVANCED MANAGEMENT ACCOUNTING

Que-1 Write a note on: Social Audit.

Que-2 Procedure of social cost benefit analysis.

Que-3 Define strategic triangle as target.

Que-4

Sarika Company Ltd., is considering to purchase a machine. Three machines viz. A, B and C are available, each costing Rs. 4,00,000. An estimated life of each machine is 5 years. There is no scrap value. The company's required rate of return is 12%. The tax rate applicable to the company is 50%. The expected earnings before depreciation and taxes for the three machines are as follows :

Year	A Rs.	B Rs.	C Rs.
1	2,60,000	1,40,000	2,20,000
2	2,00,000	1,60,000	2,60,000
3	1,60,000	2,60,000	1,60,000
4	1,40,000	2,00,000	1,20,000
5	1,00,000	1,20,000	1,40,000

Select the most profitable machine using the following methods

- (1) Pay-back Period
- (2) Average Rate of Return
- (3) Net Present Value

The present value of Re. 1 at the discount rate of 12% for the first five years is Re. 0.893, 0.797, 0.712, 0.636 and 0.567.

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Que-5

3. Somnath Ltd. Co. is considering to purchase a machine. There are two machines available. The cost volume of Rs. 8,00,000. The estimated life of each machine is 5 (five) year. The scrap value of Rs. 40,000. The company's required rate of return is 12%. The rate of tax is 50%. The expected earning before depreciation and taxes for two machines are as follows :

Year	A	B
1	5,20,000	4,40,000
2	4,00,000	5,20,000
3	3,20,000	3,20,000
4	2,80,000	2,40,000
5	2,00,000	2,80,000

Select the most profitable machine by following method :

- (1) Pay back method
- (2) Average rate of return
- (3) Net present value
- (4) Profitability index.

The present value of Rs. 1 at the discount rate of 12% for five years : 0.893, 0.797, 0.712, 0.636, 0.567.

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Que-6

5. The following information is available regarding the expected cash flow or ABC Co. cost of capital is 10% cash outlay 14000.

	Year - I		Year -II		Year - III	
	Cash	Prof.	Cash	Prof.	Cash	Prof.
Worst	3000	0.25	3000	0.50	3000	0.25
M. likely	6000	0.50	6000	0.25	6000	0.25
Best	8000	0.25	8000	0.25	8000	0.50

Find out the present value of the expected monetary values.

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Que-7

Ex.2 Ronak Company is considering to invest in a project, having initial investment of Rs. 99,000. The useful life of this project is 3 years and it has no residual value. The estimates of cash flow after depreciation but before tax and their probabilities are given below:

Year – 1		Year -2		Year – 3	
Cash flow	Probability	Cash flow	Probability	Cash flow	Probability
20,000	0.1	40,000	0.3	60,000	0.1
32,000	0.5	32,000	0.5	80,000	0.2
24,000	0.3	28,000	0.5	80,000	0.3
40,000	0.2	20,000	0.1	20,000	0.4
48,000	0.1	16,000	0.25	12,000	0.5

The cut off rate of the company is 12%.

Tax rate is 50%. The discount factors of three years are given below. [@ 12%]

0.893	0.797	0.712
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Would you advise to accept the project?

Que-8

Ex.1 Mr.Rameshmanager , Raj bank have two options which option he has to select is confused. Kindly advise him to select the appropriate option using decision tree (customer not paying 8% loan).

Option 1 : Company has to sanction the loan of Rs.20,000 on 10% yearly interest rate.

Option 2 : Company has 9% of fixed yearly interest on to invest mortgage of Rs.20,000

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Que-9

Ex.25 Hitech Engineers Ltd. Has a contract to produce a batch 20 of machine to be used by a machine tools manufacturer. The activities required in the design and manufacture of these machine are listed below.

Activity	Immediately Preceding Activity
A. Draw up estimates of costs	-
B. Agree estimate	A
C. Purchase internal machinery	B
D. Prepare design drawings	B
E. Construct main frame	D
F. Assembly machinery	C,E
G. Test machinery	F
H. Determine model type	D
I. Design outer casing	D
J. Construct outer casing	H,I
K. Final assembly	G,J
L. Final Check	K

Illustrate the activities by an arrow diagram.

Que-10

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Draw the network diagram and calculate floats.

Event	Duration (Days)
1-2	10
1-3	8
1-4	9
2-5	8
4-6	7
3-7	16
5-7	7
6-7	7
5-8	6
6-9	5
7-10	12
8-10	13
9-10	15