ASSIGNMENT

Course Code	**:**	**MMPC-004**
Course Title	**:**	**Accounting for Managers**
Assignment Code	**:**	**MMPC-004/TMA/JULY/2026**
Coverage	**:**	**All Blocks**

Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for July 2026 Semester is 31st October 2026 and for January 2027 Semester is 30th April 2027.

1. A businessman finds it difficult to assess the profitability and financial position of his business due to the absence of proper accounting records. Explain how accounting helps in maintaining systematic records, determining profit, assessing financial position, and facilitating decision-making.

2. **'**A company observes that some costs remain constant while others change with the level of production.' In light of this statement, explain the concepts of Fixed Cost, Variable Cost, and Semi-Variable Cost with suitable examples.

3. Explain the concepts of Cost–Volume–Profit Analysis, Break-Even Point, and Margin of Safety, and discuss their role in managerial decision-making.

4. Elucidate the significance of the Chairman's Statement, Directors' Report, Auditor's Report, and Management Discussion & Analysis in an Annual Report.

5. A company spends substantial amounts on recruitment, training, and employee welfare. Explain how Human Resource Accounting helps in measuring the value of human resources and assists management in decision-making

1. A businessman finds it difficult to assess the profitability and financial position of his business due to the absence of proper accounting records. Explain how accounting helps in maintaining systematic records, determining profit, assessing financial position, and facilitating decision-making.

Answer

Accounting gives a business a disciplined way to record, classify and summarise its financial transactions. When proper records are absent, the owner may know that cash is coming in and going out, but cannot reliably tell what has been earned, what is owed, what is owned, or whether the business is improving. A sound accounting system converts day-to-day transactions into useful information and creates a factual base for control and planning.

Systematic and complete records

The first help provided by accounting is the maintenance of orderly records. Transactions such as cash sales, credit sales, purchases, wages, rent, interest, receipts from customers and payments to suppliers are supported by source documents and entered in the books under recognised rules. They are first recorded and then classified into suitable accounts such as cash, sales, purchases, debtors, creditors and expenses. This reduces dependence on memory and makes it possible to trace a transaction from the original document to the final account.

Systematic records also help in checking omissions and errors. Bank balances can be reconciled with the bank statement, customer accounts can be checked for amounts due, and supplier accounts can be verified before payment. Records provide continuity even when an employee or accountant changes. They also support tax compliance, audit, borrowing and settlement of disputes because the business can produce documentary evidence instead of relying on informal estimates.

Determination of profit or loss

A businessman cannot judge profitability merely by looking at the cash balance. Cash may increase because a loan has been received, or it may fall because a machine has been purchased. Accounting separates capital items from revenue items and matches the income of an accounting period with the expenses incurred to earn that income. Through the Trading Account and Profit and Loss Account, or the Statement of Profit and Loss in modern presentation, the business can determine gross profit and net profit for a period.

For example, sales revenue by itself does not show profit. The cost of goods sold, salaries, rent, power, depreciation, interest and other relevant expenses must be