Roll No.

Total No. of Questions : 17

Total No. of Pages : 02

MBA/MBA IB (2018 & Onwards) (Sem.–1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

M.Code : 75405

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTIONS TO CANDIDATES :

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3. SECTION-C is COMPULSORY and consists of ONE Case Study carrying TWELVE marks.

SECTION-A

Write short notes on the following :

1. Master Budget
2. Performance Budget
3. Operating Activity
4. Kaizen costing
5. Fixed Cost
6. Make or buy Decision
7. Liquid Asset
8. Direct Expenses

SECTION-B

UNIT-I

9. What are the fundamental accounting assumptions? Are these different from accounting policies? Explain.

10. State and explain the main difference between Financial Accounting and Cost Accounting. Give various limitations of Financial Accounting.

UNIT-II

11. The Standard material required to manufacture one unit of product Y is 12 kgs and the standard price per kg of material is Rs. 27. The cost accounts records, however reveal that 12500 kgs of material costing Rs. 2,80,000 were used for manufacturing 1,000 units of product Y. Calculate Material Variances.

12. What is budgetary control? State the main objectives of budgetary control. What are the main steps in budgetary control?

UNIT-III

13. What is meant by Ratio Analysis? Discuss its objects and Limitations.

14. What do you mean by Funds from Operation? How will you determine it?

UNIT-IV

15. Explain the steps involved in Target Costing approach to pricing.

16. How is Activity Based Costing different from Traditional costing System? Explain the process of designing Activity based Costing.

SECTION-C

17. Case Study :

Scooter Corp. has forecast sales as follows: July, 30,000 units; August, 35,000 units; and September, 40,000 units. Finished goods inventory as of July 1 is forecast to be 10,000 units. Finished goods inventory of 20% of the following month's sales needs is desired. Each finished unit requires 5 pounds of raw material. The raw materials inventory level on July 1 was 2,02,500 pounds and the expected raw materials inventory level on July 31 will be 2,70,000 pounds.

Question :

How many pounds of raw material should be purchased in July?

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M

Roll No.

Total No. of Pages : 03

Total No. of Questions : 17

MBA (2018 Batch) (Sem.-1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

M.Code : 75405

Time : 3 Hrs. Max. Marks : 60

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3. SECTION-C is COMPULSORY and carries TWELVE marks.

SECTION-A

Write short notes on the following :

1) PE Ratio

2) Assumptions of Break-even analysis

3) IFRS

4) Goals of transfer pricing

5) Matching concept

6) Cost Driver

7) Interest coverage ratio

8) Zero Base Review

SECTION-B

UNIT-I

9) Why Accounting is called language of business? Explain briefly these various accounting principles and their relevance in accounting system.

10) Explain with examples the accounting process which leads to the preparation of financial statements.

UNIT-II

11) a) How is breakeven chart prepared? What kind of information can be deduced from Breakeven Chart?

b) Distinguish between Marginal Costing and Absorption Costing.

12) How a forecast is different from budget? What is the process of formulation of a Master budget?

UNIT-III

13) What do you understand by Financial Statement analysis? Explain briefly the various types of ratios and their interpretation while evaluating the liquidity position of the company.

14) Following information has been presented by PND Ltd :

Capital Turnover Ratio: 2, Fixed Asset Turnover Raio: 3, Gross Profit Ratio: 25%, Stock Velocity: 6, Debtors Velocity: 4 Months, Creditors Velocity: 2 Months, Gross Profit: Rs 1,20,000, Reserves and Surpluses: Rs 40,000, Closing Stock is Rs 12,000 less than opening Stock and Closing Debtors are Rs 20,000 higher than opening debtors.

Prepare a statement of Proprietors fund from the above information. Make necessary assumptions required for this purpose.

UNIT-IV

15) What are the objectives of financial reporting? Explain the process of formulation of accounting standards.

16) Explain the concept and rationale of Activity Based Costing. What are the limitations of Activity Based Costing?

SECTION-C

17) The following particulars are taken from the records of XYZ limited engaged in the manufacturing of two products X and Y from a certain material :

	Product X (Per Unit)	Product Y(Per Unit)
Sales	Rs 2,500	Rs 5,000
Material Cost (Rs 50 per kg)	500	1,250
Direct Labour (Rs 30 per hour)	750	1,500
Variable Overhead	250	500

Comment on profitability of each product when :

(a) When sales in Value is limited

(b) Raw material is in short supply

(c) Production capacity is the limiting factor

(d) Find the product mix to yield maximum profits if total availability of raw material is 20,000 kg and maximum sales potential of each product is 1,000 units.

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Total No. of Pages : 04

MBA (2018 Batch) (Sem.–1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

Paper ID : [75405]

Time : 3 Hrs.

Max. Marks : 60

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SECTION-A

Q1 Explain three merits of financial accounting.

Q2 Who is financial manager?

Q3 How standard costing differ from budgetary control?

Q4 Define zero based costing.

Q5 Discuss in detail benefits of marginal costing.

Q6 Discuss the significance of debt equity ratio.

Q7 What do you mean by cash flow statement?

Q8 How will you calculate break even point?

SECTION-B

UNIT-I

Q9 Define cost accounting. Discuss in detail objectives, advantages and disadvantages of cost accounting.

Q10 *"Accounting concepts are like scientific rule, which are time tested and applicable universally across the boundaries and in different situations, where as conventions are certain accounting policies and procedures which are followed as a matter of practice is the business organizations"* Discuss.

UNIT-II

Q11 Anupam International LTD produces three products A, B, C each requiring more than one labour operation-Labour requirement per unit of output is given below :

Operation	A	B	C
1	10	20	5
2	5	-	10
3	15	10	5

The factory works for 8 hours per day for 26 days in a month. In a month 8 hours are lost due to various reasons. The budgeted hourly rates for the workers in operations 1, 2 and 3 are Rs.4, Rs.5 and Rs.6 respectively.

The budgeted production during the Month for the three products is as follows :

PRODUCT A	4000 units
PRODUCT B	6000 units
PRODUCT C	8000 units

Prepare a labour budget for the month showing for each operation,

(a) Direct labour hour

(b) Direct labour cost

(c) The number of workers.

Q12 The following data is obtained from the books of manufacturing concern :

	Men	Women
Number in the standard gang	24	14
Standard rate per hour	Rs. 8	Rs. 7
Number in the actual gang	18	16
Actual rate per hour	Rs. 9	Rs.6

During a week, 2 hour were lost due to power failure and work was actually done for 40 hours. Calculate labour mix variance and idle time variance.

UNIT-III

Q13 What is the purpose of preparing a cash flow statement? How is it prepared? Explain with the help of example.

Q14 Discuss in detail with the help of example the procedure of making fund flow statement.

UNIT-IV

Q15 Define target costing. Discuss in detail procedure and managerial applications of target costing with the help of example

Q16 The following data are available with respect to particular department for weekly operations :

Budgeted Output for 40 hours week	2,000 units
Budgeted Fixed Overheads	Rs. 2,000
Actual Output	1,800 units
Actual hours worked	32
Actual fixed overheads	Rs. 2,250

Compute overheads, expenditure and volume variances.

SECTION-C

Q17 A Company manufactures several products of varying levels of designs and models. It uses a single overhead recovery rate based on direct labour hours. The overheads incurred by the company in the first half of the year are as under:

	Rs.
Machine operation expenses	10,12,500
Machine maintenance expenses	1,87,500
Salaries of technical staff	6,37,500
Wages and salaries stores staff	2,62,500

During this period, the company introduced activity based costing System and the following significant activities were identified.

- Receiving materials and components
- Set up of machines for production runs
- Quality inspection

It is also determined that :

- The machine operation and machine maintenance expenses should be apportioned between stores and production activity in 20:80 ratio.
- The technical staff salaries should be apportioned between machine maintenance, set up and quality inspection in 30:40:30 ratio.

The consumption of activities during the period under review are as under

• Direct labour hours worked	40,000
• Direct wage rate Rs.6 per hour	
• Production set-ups	2,040
• Material and component consignments received from supplier	1,960
• Number of quality inspections carried out	1,280

The data relating to two products manufactured by the company during the period are as under :

Products	P	Q
Direct material cost	Rs 6,000	4,000
Direct labour hours	960	100
Direct material consignments received	48	52
Production runs	36	24
Number of quality inspections done	30	10
Quantity produced (units)	15,000	5,000

A potential customer has approached the company for the supply of 24,000 units of a component K to be delivered in lots of 3,000 units per quarter. The job will involve an initial design cost of Rs 60,000 and the manufacture will involve the following per quarter:

Direct material cost	Rs 12,000
Direct labour hours	300
Production runs	6
Inspections	24
Number of consignment of direct materials to be received	20

The company desires a markup of 25% on cost

Required :

a) Calculate the cost of products P and Q based on the existing system of single overhead recovery rate.

b) Determine the cost of products P and Q using activity based costing system.

c) Compute the sales value per quarter of component K using activity based costing system

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Roll No. Total No. of Pages : 02

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MBA/MBA IB (2018 & Onwards) (Sem.–1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

M.Code : 75405

Time : 3 Hrs. Max. Marks : 60

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3. **SECTION-C is COMPULSORY and consists of ONE Case Study carrying TWELVE marks.**

SECTION-A

Write short notes on the following :

1. Master Budget
2. Performance Budget
3. Operating Activity
4. Kaizen costing
5. Fixed Cost
6. Make or buy Decision
7. Liquid Asset
8. Direct Expenses

SECTION-B

UNIT-I

9. What are the fundamental accounting assumptions? Are these different from accounting policies? Explain.

10. State and explain the main difference between Financial Accounting and Cost Accounting. Give various limitations of Financial Accounting.

UNIT-II

11. The Standard material required to manufacture one unit of product Y is 12 kgs and the standard price per kg of material is Rs. 27. The cost accounts records, however reveal that 12500 kgs of material costing Rs. 2,80,000 were used for manufacturing 1,000 units of product Y. Calculate Material Variances.

12. What is budgetary control? State the main objectives of budgetary control. What are the main steps in budgetary control?

UNIT-III

13. What is meant by Ratio Analysis? Discuss its objects and Limitations.

14. What do you mean by Funds from Operation? How will you determine it?

UNIT-IV

15. Explain the steps involved in Target Costing approach to pricing.

16. How is Activity Based Costing different from Traditional costing System? Explain the process of designing Activity based Costing.

SECTION-C

17. **Case Study :**

Scooter Corp. has forecast sales as follows: July, 30,000 units; August, 35,000 units; and September, 40,000 units. Finished goods inventory as of July 1 is forecast to be 10,000 units. Finished goods inventory of 20% of the following month's sales needs is desired. Each finished unit requires 5 pounds of raw material. The raw materials inventory level on July 1 was 2,02,500 pounds and the expected raw materials inventory level on July 31 will be 2,70,000 pounds.

Question :

How many pounds of raw material should be purchased in July?

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M

Roll No.

Total No. of Pages : 02

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MBA/MBA(IB) (2018 & Onwards) (Sem.–1)

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3. SECTION-C is COMPULSORY and carries TWELVE marks.

SECTION-A

Write short notes on the following :

1. Fixed Budget
2. Marginal Costing
3. Investment Activity
4. Target Costing
5. Accrual Concept
6. Current Ratio
7. Liquid Asset
8. Direct Material

SECTION-B

UNIT-I

9. What are basic accounting concepts and conventions? Explain these concepts and conventions in detail.

10. "*While Financial Accounting is external, Cost Accounting is internal to the business*". Give various objectives of Cost Accounting.

UNIT-II

11. Assuming that the cost structure and selling prices remain the same in period I and II, find out :

a) Profit Volume Ratio b) Fixed Cost c) Break Even Point for Sales

Period	Sales (Rs.)	Profits (Rs.)
I	2,00,000	9,000
II	2,20,000	13,000

12. Explain the concept and important features of zero base budgeting. How it is different from conventional budgeting?

UNIT-III

13. What are important Profitability Ratios? How are they worked out? Explain and illustrate.

14. How does the Cash Flow Statement differ from a Fund Flow Statement? What are their uses?

UNIT-IV

15. Explain the following terms in relation to Activity Based Costing :

a) Cost object b) Cost driver c) Cost pool

16. What is Life Cycle Costing? Explain the Stages in product life cycle.

SECTION-C

17. **Case Study :**

Scooter Corp. has forecast sales as follows: July, 30,000 units; August, 35,000 units; and September, 40,000 units. Finished goods inventory as of July 1 is forecast to be 10,000 units. Finished goods inventory of 20% of the following month's sales needs is desired. Each finished unit requires 5 pounds of raw material. The raw materials inventory level on July 1 was 202,500 pounds and the expected raw materials inventory level on July 31 will be 270,000 pounds.

Question :

How many pounds of raw material should be purchased in July?

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Roll No. | | | | | | | | | | | Total No. of Pages : 02

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MBA/MBA(IB) (Sem.–1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

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Date of Examination : 29-12-2023

Time : 3 Hrs. **Max. Marks : 60**

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3. SECTION-C is COMPULSORY and carries TWELVE marks.

SECTION-A

1. **Write short notes on the following :**

   a. US GAAPs

   b. Kaizen costing

   c. Inventory turnover ratio

   d. Cash flow from operating activities

   e. Zero based Budget

   f. Absorption costing

   g. Branches of Accounting

   h. Historical cost principle

SECTION-B

UNIT-I

2. Explain Accounting as an information system. Discuss qualitative characteristics of accounting information.

3. What do you mean by accounting concepts? Explain various concepts in detail.

UNIT-II

4. Define cost-volume profit analysis and explain its main features and useful contributions to the management in decision making.

5. *"Flexibility in a budget is an aid to co-ordination, while the budgetary control is an instrument of co-ordination."* Explain.

UNIT-III

6. What do you mean by financial statement analysis? Explains its objectives.

7. Name the different tools, used for analysis and interpretation of Financial Statements.

UNIT-IV

8. Define financial reporting. What is the role of corporate social reporting?

9. Discuss the accounting treatment and accounting standards of holding company.

SECTION-C

10. **Attempt following case study :**

Budgeting is very important and it determines the way in which the organization can attain its financial and other goals. It is an estimate about the future actions of the management in the form of financial Statements. Once the budget is set in quantitative or qualitative terms the management try their best for not exceeding the target set. But on account of dynamic nature of the environment both internal and external the estimated figure will vary. As a control measure they traise the variations between the actual and the budgeted one and identify the causes of such variations and take corrective measures for not occurring such variations in future. One of the components which is significant for internal control system is budgetary control system.

Questions :

a) What are the reasons for preparing budget?

b) What factors must be followed while preparing budgets?

c) What is the role of budgeting control in the organization?

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MBA / MBA (IB) (Sem.–1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

M.Code : 75405

Date of Examination : 19-06-2024

Time : 3 Hrs.

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3. SECTION-C is COMPULSORY and carries TWELVE marks.

SECTION-A

1. **Write short notes on the following :**

(a) Capital

(b) Accounting Equation

(c) Contribution

(d) Rolling Budget

(e) Inventory Turnover Ratio

(f) Common Size Statement

(g) Transfer Pricing

(h) IFRS.

SECTION-B

UNIT-I

2. Differentiate between financial, cost and management accounting. Briefly describe the various concepts and conventions used in financial accounting.

3. What do you mean by insurance company accounts? Describe the major differences in the preparing insurance company accounts and accounts of a manufacturing company. Also describe the format of balance sheet of a banking company as prescribed by the IRDA.

UNIT-II

4. What is break even analysis? Discuss in detail the assumptions and process for conducting break even analysis. Also briefly describe the practical application of break even analysis in managerial decision making.

5. X Co. Ltd. uses a standard cost system and manufactures product Z. Standard cost per 1000 kg. of output is as under :

Material	Quantity (in Kg.)	Price (in Rs.)
A	1800	2.50
B	1200	4.00
C	1200	1.00

In March, 2021, the company produced 2,00,000 kg of output. Actual consumption was :
Material A - 1,57,000 kg @ Rs, 2.40

Material B - 3 8,000 kg @ Rs. 4.20

Material C - 36,000 kg @ Rs. 1.10

You are required to calculate (a) Material Cost Variance (b) Material Price Variance (c) Material Usage Variance (d) Material Mix Variance and (e) Material Yield Variance.

UNIT-III

6. What do you mean by cash flow statement? Describe the difference between cash and fund flow statements. Discuss various methods of preparing cash flow statement.

7. **Discuss in detail the meaning and applications of the following :**

(a) Price Level Accounting

(b) Target Costing.

UNIT-IV

8. Following is the Balance Sheet of Hero MotoCorp Co. Limited for the Financial Years 2022-23 and 2021-22. You are required to prepare the comparative balance sheet of the company and analyse the change in the financial position of the company.

Capital and Liabilities	2022-23 (Rs. in Crores)	2021-22 (Rs. in Crores)
Equity Share Capital	39.97	39.96
Reserves and Surplus	16,629.49	15,718.51
Employees Stock Options	35.63	24.45
Deferred Tax Liabilities [Net]	405.37	383.29
Other Long Term Liabilities	330.58	297.36
Long Term Provisions	198.12	178.07
Trade Payables	4,704.46	4,260.34
Other Current Liabilities	743.83	651.62
Short Term Provisions	175.69	160.42
Total Capital and Liabilities	**23,263.14**	**21,714.02**
Assets		
Tangible Assets	5,261.23	5,507.98
Intangible Assets	500.19	298.5
Capital Work-in-Progress	128.55	87.32
Intangible Assets Under Development	335.24	370.88
Non-Current Investments	7,372.48	4,814.66
Long Term Loans and Advances	19.87	59.03
Other Non-Current Assets	608.79	460.69
Current Investments	3,637.88	5,837.66
Inventories	1,434.09	1,122.65
Trade Receivables	2,798.21	2,304.27
Cash and Cash Equivalents	345.5	175.12
Short Term Loans and Advances	23.71	22.81
Other Current Assets	797.4	652.45
Total Assets	**23,263.14**	**21,714.02**

9. What do you mean by accounting standards? Describe the role of accounting standards in bringing consistency, transparency, comparability and uniformity in the accounting practice by various companies. Also, describe the various challenges in implementing the accounting standards in India.

SECTION-C

10. **Case Study :**

Following are the financial ratios of Maruti Suzuki Co. Ltd. for the financial years 2018-2019 to 22-23:

Financial Ratios	2022-23	2021-22	2020-21	2019-20	2018-19
Investment Valuation Ratios					
Face Value	5	5	5	5	5
Dividend Per Share	—	—	—	—	—
Operating Profit Per Share (Rs. in Crores)	364.73	188.9	177.16	242.07	364.25
Net Operating Profit Per Share (Rs. in Crores)	3,892,06	2,924.05	2.329.58	2,504.63	2,849.20
Earnings Per Share	266.46	124.68	140.02	187.06	248.3
Book Value	1998.87	1790.45	1700.44	1603.45	1527.46
Profitability Ratios					
Operating Profit Margin (%)	9.37	6.46	7.6	9.66	12.78
Gross Profit Margin (%)	6.96	3.3	3.29	5	9.27
Cash Profit Margin (%)	9.07	7.22	9.89	11.5	11.86
Net Profit Margin (%)	6.98	4.39	6.23	7.5	8.88
Return On Capital Employed (%)	16.39	8.36	9.91	14.37	22.31
Return On Net Worth (%)	13.28	7.01	8.36	11.48	16.24
Return on Long Term Funds (%)	16.72	8.42	10	14.4	22.38
Liquidity and Solvency Ratios					
Current Ratio	0.61	0.81	0.62	0.63	0.55
Quick Ratio	0.47	0.65	0.48	0.41	0.37
Debt Coverage Ratios					
Interest Cover	55.26	36.82	51.61	53.04	138.92
Total Debt to Owners Fund	0.02	0.01	0.01	0	0
Management Efficiency Ratios					
Inventory Turnover Ratio	27.45	25.01	23.08	23.54	25.9
Debtors Turnover Ratio	44.07	53.3	43.2	35.27	45.56
Investments Turnover Ratio	1.87	1.59	1.33	1.53	1.82
Fixed Assets Turnover Ratio	3.15	2.82	2.31	2.62	3.38
Total Assets Turnover Ratio	1.88	1.6	1.33	1.54	1.84
Asset Turnover Ratio	1.98	1.63	1.37	1.56	1.91
Cash Flow Indicator Ratios					
Dividend Payout Ratio Net Profit	22.07	35.04	41.29	51.32	38.08
Dividend Payout Ratio Cash Profit	16.42	20.38	24.41	31.65	27.3
Earning Retention Ratio	77.44	63.44	57.06	47.6	61.13
Cash Earning Retention Ratio	83.31	79.11	75.02	67.95	72.3

Using the above financial ratios; you are required to comment on the financial position as well as performance of Maruti Suzuki Co. Ltd.

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MBA(IB) (Sem.–1)

ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

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Date of Examination:02-01-2025

Time : 3 Hrs. Max. Marks : 60

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SECTION-A

1. **Write short notes on the following:**

a) Debtors

b) Liabilities

c) Opportunity Cost

d) Break Even Point

e) Inventory Turnover Ratio

f) Common Size Statements

g) Accounting Standards

h) Price Level Accounting

SECTION B

UNIT-I

2. Using the following information regarding ABC Co. Ltd. as on March 31, 2024 you are required to prepare the Trading and Profit and Loss Account and Balance Sheet of the Company

Particulars	Amount(Rs.)	Particulars	Amount(Rs.)
Cartage	250	Equity Share Capital	7,50,000
Office Equipment	18,000	Sales	18,00,000
Buildings	5,00,000	Purchase Returns	2,000
Furniture	20,000	Creditors	2,00,000
Opening Stock	2,25,000	Loan	25,000
Purchases	13,37,000	Outstanding wages	250
Sales Returns	3,000	Commission received	3,000
Debtors	5,03,000	Insurance Paid	1,000
Office expenses	21,000	Carriage Outwards	750
Salaries	18,000	Interest on loan for 6 months @10%	1,250
Rent	6,000	Bad Debts	4,000
Conveyance	1,000	Cash	61,000
Wages	3,000	Car	55,000
Carriage Inwards	2,000		

Additional Information:

a) Closing stock is valued at ₹ 1,28,960

b) Depreciate buildings by 5% and furniture by 10%

c) Further bad debts of Rs 3,000 are incurred during the year

d) The provision for doubtful debts is to be maintained at 5% on debtors

e) Interest on loan is outstanding for 6 months

3. '*Financial accounting is a process of recording, classifying, summarising and analysing business transactions in the books of accounts*'. Explain. Also briefly differentiate between financial and cost accounting.

UNIT-II

4. From the following data, calculate the following variances

a) Material Cost Variance,

b) Material Price Variance,

c) Material Usage Variance,

d) Material Mix Variance and

e) Material Yield Variance

Material	Standard		Actual	
	Quantity	Unit Price	Quantity	Unit Price
A	60%	Rs. 20	88	Rs. 30
B	40%	Rs. 10	132	Rs. 10

Standard Loss is 10% and Actual Output is 180 units

5. What do you mean by budgetary control? Discuss various types of budgets prepared by a business organisation.

UNIT-III

6. The following Balance Sheet is given to you for Deep Ltd for the year ending 31st March 2024

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Share Capital	3,50,000	Goodwill	90,000
9% Preference Share Capital	1,50,000	Land and Building	3,50,000
Reserve Fund	70,000	Equipments	1,40,000
Security Premium	10,000	Debtors	90,000
8% Debentures	1,50,000	Bills Receivables	1,00,000
6% Mortgage Loan	60,000	Inventory	1,20,000
S. Creditors	1,50,000	Cash	46,000
		Prepaid Expenses	4,000
Total	**9,40,000**	**Total**	**9,40,000**

Net sales of the company during the year is ₹ 10,00,000;

Gross profit during the year is ₹ 1,70,000 and Net Profit is ₹ 80,000.

You are required to compute:

a) Current Ratio

b) Quick Ratio

c) Gross Profit Ratio

d) Net Profit Ratio

e) Debtors Turnover Ratio

f) Inventory Turnover Ratio

g) Debt-Equity Ratio

h) Return on Capital Employed

7. What do you mean by cash flow statement? Discuss the use of information extracted by preparing cash flow statement. Also explain the format of cash flow statement.

UNIT-IV

8. What do you mean by financial reporting? Describe the objectives and principles of financial reporting in India.

9. Define accounting standards. Briefly explain the role of accounting standards in bringing consistency and comparability of financial accounting of companies operating across various industries as well as economies.

SECTION-C

10. **Case Study**

The WalkRite Shoe Company operates a chain of shoe stores that sell 10 different styles of inexpensive men's shoes with identical unit costs and selling prices. A unit is defined as a pair of shoes. Each store has a store manager who is paid a fixed salary. Individual sales peroson receive a fixed salary and a sales commission. WalkRite is considering opening another store that is expected to have the revenue and cost relationships shown here.

Selling Price and Variable Cost	Amount (₹)	Annual Fixed Cost	Amount (₹)
Selling Price per unit	300	Rent	60,000
Variable Cost Per Unit		Salaries	200,000
Cost of Shoes	195	Advertisement	80,000
Sales Commission	15	Other Fixed Cost	20,000

Consider each question independently and calculate:

a) What is the annual breakeven point in (a) units sold and (b) revenues?

b) If 35,000 units are sold, what will be the store's operating income?

c) If sales commissions are discontinued and fixed salaries are raised by a total of Rs 81,000, what would be the annual breakeven point in (a) units sold and (b) revenues?

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student

4/12/18 - E

Roll No.

Total No. of Questions : 15

Total No. of Pages : 04

MBA / MBA(IB) (2014 to 2017) (Sem.–1)

ACCOUNTING FOR MANAGEMENT

Subject Code : MBA-103

Paper ID : [C0103]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.
2. SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and carries EIGHT marks.

SECTION-A

Q1 What is the need of accounting?

Q2 What are the limitations of financial accounting?

Q3 How fund flow statement differ from cash flow statement?

Q4 Discuss in detail benefits of break even analysis.

Q5 Define transfer pricing.

Q6 What do you mean by tally software package?

SECTION-B

UNIT-I

Q7 Why accounting is considered as information system? Discuss in detail relevance of concepts and conventions for preparation of financial statement and its evolution.

Q8 Discuss in detail with the help of example how to prepare final account for insurance and banking companies

UNIT-II

Q9 Discuss in detail concept, nature and limitation of financial statement. What are latest techniques of financial statement analysis?

Q10 a) From the following information prepare proprietors' fund and balance sheet with maximum details possible:

Current Ratio	4.5
Liquid Ratio	2
Proprietary ratio	1.5
Working Capital	Rs. 20000
Reserve and Surplus	Rs. 10000
Bank overdraft	Rs. 5000

b) The following is the position of Current Assets and Current Liabilities of M Ltd.

Particulars	2006 Rs.	2007 Rs.
Provision for Bad Debts	1,000	3,000
Short- term Loan	10,000	19,000
Creditors	15,000	10,000
Bills Receivable	20,000	40,000

The company incurred a loss of Rs. 45,000 during the year. Calculate the Net Cash Flows from the Operating Activities by Indirect Method.

UNIT-III

Q11. Anupam International LTD produces three products A, B, C each requiring more than one labour operation. Labour requirement per unit of output is given below :

Operation	A	B	C
1	10	20	5
2	5	-	10
3	15	10	5

The factory works for 8 hours per day for 26 days in a month. In a month 8 hours are lost due to various reasons. The budgeted hourly rates for the workers in operations 1,2 and 3 are Rs.4, Rs.5 and Rs.6 respectively.

The budgeted production during the Month for the three products is as follows :

PRODUCT A	4000 units
PRODUCT B	6000 units
PRODUCT C	8000 units

Prepare a labour budget for the month showing for each operation, (i) direct labour hour (ii) direct labour cost and (iii) the number of workers.

Q12 The following data is obtained from the books of manufacturing concern :

	Men	Women
Number in the standard gang	24	14
Standard rate per hour	Rs. 8	Rs. 7
Number in the actual gang	18	16
Actual rate per hour	Rs. 9	Rs.6

During a week, 2 hour were lost due to power failure and work was actually done for 40 hours Calculate labour mix variance and idle time variance.

UNIT-IV

Q13 ABC Company produces two types of stereo units, Activity data as follows :

Product Costing Data

Activity Usage Measure	Deluxe	Regular	Total
Units produced per year	5,000	50,000	55,000
Prime cost (Rs.)	39,000	3,69,000	4,08,000
Direct labour hours	5,000	45,000	50,000
Machine hours	10,000	90,000	1,00,000
Production runs	10	5	15
Number of moves	120	60	180

Activity cost data (overhead activities)

Activity	Activity cost (Rs)
Setting up equipment	60,000
Material handling	30,000
Using power	50,000
Testing	40,000
Total	**1,80,000**

Required :

a) Calculate the consumption ratios for each activity.

b) Group activities based on the consumption ratios and activity level.

c) Calculate a rate for each pooled group of activities.

d) Using the pool rates, calculate unit product costs.

Q14 Write down the following :

a) Human resource accounting.

b) Tally software package in accounting.

SECTION-C

Q15 A company has two divisions, A and B. Division, A manufactures a component which is used by division B to produce a finished product. For the next period, output and costs have been budgeted

	Division A	Division B
Component units	50,000	-
Finished units	-	50,000
Total variable costs	Rs 2,50,000	Rs 600000
Fixed costs	Rs 1,50,000	Rs 2,00,000

The fixed costs are separable for each division. You are required to advise on the transfer price to be fixed for Division A's component under the following circumstances.

1. Division A can sell the component in a competitive market for Rs. 10 per unit. Division B can also purchase the component from the open market at that price.

2. As per the situation described in (i) above, and further assume that Division B currently buys the component from an external supplier at the market price of Rs. 10 and there is reciprocal agreement between the external supplier and another Division C, within the group. Under this agreement the external supplier agrees to buy one product unit from Division C, at the profit Rs. 4 per unit to that division, for every component which division B buys from the supplier.

2/12/17 (E)

Roll No. [ ]

Total No. of Questions: 10 | Total No. of Pages: 03

MBA/MBA(IB) (Sem. 1)
ACCOUNTING FOR MANAGEMENT
Subject Code: MBA-103
Paper ID: C0103

Time: 3 Hrs. | Max. Marks: 60

INSTRUCTIONS TO CANDIDATES:

1. **Section A (Consists of 06 Questions Attempt any 4 questions. Each carries FIVE marks).**
2. **Section B (Attempt at least one question from each of the 4 sub-sections. Each question carries EIGHT marks).**
3. **Section C is COMPULSURY. The questions carrying EIGHT marks.**

SECTION A

1. **Write notes on:**
   a. What is Marginal costing? Discuss the advantages and limitations of marginal costing.
   b. Users of accounting information system.
   c. Liquidity ratios and their significance in ratio analysis.
   d. Importance of human resource accounting.
   e. Variance Analysis
   f. Zero base budgeting.

SECTION B

Sub Section 1

2. "Accounting Standards aim to protect users of financial reports by providing reliable and comparable financial statements". Do you agree with this statement? Give reasons.

3. Explain the differences between of various branches of accounting.

Sub Section 2

4. The following information is given about M/s. S.P. Ltd. for the year ending Dec. 31, 2014
   a. Stock turnover ratio = 6times
   b. Gross profit ratio = 20% on sales
   c. Sales for the 2014 = Rs. 3,00,000
   d. Closing stock is Rs. 10000 more than the opening stock
   e. Opening creditors = Rs. 20,000
   f. Closing creditors= Rs. 30,000

   g. Trade Debtors at the end= Rs. 60,000
   h. Net Working Capital= Rs. 50,000

Find out:
   i. Average Stock
   ii. Purchases
   iii. Creditors Turnover Ratio
   iv. Average Payment Period
   v. Average Collection Period
   vi. Working Capital Turnover Ratio

5. Explain briefly the various tools of financial statement analysis.

Sub Section 3

6. (a) What is Marginal costing? Discuss the advantages and limitations of marginal costing.
   (b) The following figures are extracted from the books of a manufacturing concern for the year 2013-14:

	Rs.
Direct Materials	2,05,000
Direct Labour	75,000
Fixed Overheads	60,000
Variable Overheads	1,00,000
Sales	5,00,000

Calculate the Break-even Sales (BES). What will be the effect on BES of an increase of 10% in-
(a) Fixed expenses; and (b) Variable expenses?

7. What is the difference between standard costing and budgetary control system? Discuss the steps to establish standard costing system in on organization?

Sub Section 4

8. What is a Transfer price? Explain the various methods of setting a transfer price.

9.
   a. Write a note on activity based costing,
   b. Discuss the tally software package in accounting

SECTION C

10. Case Study
    The Balance Sheets of S & Co. and K & Co. are given as follows:

Liabilities	S & Co. Rs.	K & Co. Rs.
Preference Share Capital	1,20,000	1,60,000
Equity Share Capital	1,50,000	4,00,000
Reserves & Surpluses	14,000	18,000
Long - term Loans	1,15,000	1,30,000
Bills Payable	2,000	Nil
Sundry Creditors	12,000	
Outstanding Expenses	15,000	4,000
Proposed Dividend	10,000	6,000
		90,000
	4,38,000	8,08,000
Land & Building	80,000	1,23,000
Plant & Machinery	3,34,000	6,00,000
Temporary Investment	1,000	40,000
Inventories	10,000	25,000
Book-Debts	4,000	8,000
Prepaid Expenses	1,000	2,000
Cash and Bank Balances	8,000	10,000
	4,38,000	8,08,000

Compare the financial position of the two companies with the help of common size balance sheet and comment upon the following:

i. Pattern of financing of both thecompanies
ii. Adequacy of workingcapital
iii. Pattern of financing of Assets
iv. Working capital position and ways to improve Working Capital position