Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐ **Total No. of Pages : 03**

Total No. of Questions : 10

MBA / MBA(IB) (2012 & onward) (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 consist of ONE Case Study carrying EIGHT marks.**

SECTION-A

1. Write briefly :

a) What is the need of accounting?

b) What are the limitations of financial accounting?

c) How fund flow statements differ from cash flow statements?

d) Discuss in detail benefits of zero base budgeting.

e) Define Target Costing.

f) What do you mean by Tally software package?

SECTION-B

UNIT-1

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

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

UNIT-II

4. From the following information prepare proprietor's fund and balance sheet with maximum details possible :

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

5. Discuss in detail with the help of example, how to prepare schedule of changes in working capital and statement of sources and application of funds.

UNIT-III

6. What do you mean by cost accounting? Discuss in detail classification, advantage and disadvantages of costing.

7. Company producing two products X and Y faces the problem of labour shortage. Maximum labour hours available in a month are 10,000 hours. The following other information is available:

	Product X (₹)	**Product Y(₹)**
Material Cost	6.00	6.00
Direct Labour Cost	-	-
10 hours @ Re 1.00	10.00	-
5 hours @ Re 1.00	-	5.00
Variable Overheads	4.00	2.00
Fixed overheads	5,000	5,000
Selling price	30.00	20.00

Show which product is more profitable. Give proof in support of your opinion.

UNIT-IV

8. ABC manufacturing company has three accounts clerks responsible for processing purchase invoices. Each clerks is paid a salary of ` 3,00,000 p.a. and is capable of processing 5000 invoices per year (working efficiently). In addition to the salary the company spends ` 90,000 per year for forms, postage etc. (assuming that 15000 invoices are processed). During the year 12,500 invoices were processed. You are required to calculate :
   a) Calculate the activity rate for the purchase order activity. Break this activity into fixed and variable components.
   b) Compute the total activity availability and Break this activity into used activity and unused activity.
   c) Calculate the total cost of resources supplied and break this into activity into used activity and unused activity.

9. Write down the following :
   a) Target costing
   b) Tally software package in accounting

SECTION-C

10. 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 as follows:

	Division A	**Division B**
Component units	50,000	-
Finished units	-	50,000
Total variable costs	` 2,50,000	` 6,00,000
Fixed costs	` 1,50,000	` 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.

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

b) As per the situation described in a) above, and further assume that Division B currently buys the component from an external supplier at the market price of ` 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 ` 4 per unit to that division, for every component which division B buys from the supplier.