Roll No. | | | | | | | | | | | | **Total No. of Pages : 04**

Total No. of Questions : 15

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. **SECTION-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 carrying EIGHT marks.**

SECTION–A

1. What is human resource accounting? Discuss various objectives against this concept?

2. Define life cycle costing.

3. Explain the concept and important features of zero base budgeting.

4. "*Analysis without interpretation is meaningless and interpretation without analysis is impossible.*" Discuss.

5. The sales and profits during two years were as follows :

Year	Sales Rs.	Profit
2010	1,50,000	20,000
2011	1,70,000	25,000

You are required to calculate

i) P/V ratio

ii) Breakeven point

iii) The sales required to earn a profit of Rs 40,000

iv) The profit made when sales are Rs 2,50,000

v) Margin of safety at a profit of Rs 50000.

6. Calculate material price variance, material usage variance and material art variance from the following information :

Quantity of material purchased	3000 units
Value of materials purchased	Rs 14,000
Standard quantity of material required per ton of finished products	20 unit
Standard price of material	Rs 5 per unit
Opening stock of material	100 units
Closing stock of material	600 units
Finished product manufactured	100 tonnes.

SECTION–B

UNIT-I

7. Briefly discuss basic accounting concepts and fundamental accounting assumptions. Is there a conflict between the two?

8. Explain :

   a) Accounting as an information system

   b) Branches of accounting

UNIT-II

9. Give format of cash flow statement along with the methods of calculating cash operating profit.

10. From the following particulars extracted from the books of Sonu and Monu Ltd; Compute :

    a) Current ratio

    b) Acid test ratio

    c) Stock turnover ratio

    d) Debtors turnover ratio

    e) Creditors turnover ratio

    f) Average debt collection period (Take 365 days in a year)

Particulars	1.1.2007 (Rs.)	31.12.2007 (Rs.)
Bills receivable	15,000	30,000
Bills payable	30,000	15,000
Sundry debtors	60,000	75,000
Sundry creditors	37,500	52,500
Stock in trade	48,000	72,000

Additional information :

i) On 31.12.2007 there were assets – Buildings Rs 1,00,000; Cash Rs. 60,000; Cash at Bank Rs. 48,000.

ii) Cash purchases Rs. 69,000 and returns outwards Rs. 9,000.

iii) Cash sales Rs. 75,000 and returns inwards Rs. 3,000.

iv) Rate of gross profit 25% on sales and actual gross profit was Rs. 75,000.

UNIT-III

11. a) What is standard costing and how would you distinguish it from budgetory control?

    b) Explain briefly the significance of standard costing as a technique of cost control.

12. A factory is currently working to 50% capacity and produces 10000 units. Estimate the profits of the company when it works at 60% and 80% and offer your comments.

    At 60% working raw material cost increases by 2% and selling price falls by 2%. At the 80% working raw martial cost increase by 5% and selling price falls by 5%.

    At 50% capacity working the product costs Rs 180 per unit and is sold at Rs 200 per unit. The unit cost of Rs 180 is made up as under

	Rs.
Material	100
Labour	30
Factory overheads	30 (40% fixed)
Administration overheads works	20 (50% fixed)

UNIT-IV

13. Define activity based costing. What are the important characteristics of ABC and how will you implement it?

14. What is the need of intra company transfer pricing? Discuss the major techniques for transfer pricing and outline the circumstances in which each may be used with advantages.

SECTION–C

15. The annual flexible budget of a company is as follows :

Production capacity	**40 %**	**60%**	**80%**	**100%**
Cost :	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Direct Material	12,000	18,000	24,000	30,000
Direct Labour	16,000	24,000	32,000	40,000
Production Overhead	11,400	12,600	13,800	15,000
Administration Overhead	5,800	6,200	6,600	7,000
Selling & Distribution Overhead	6,200	6,800	7,400	8,000
	51,400	**67,600**	**83,800**	**1,00,000**

Owing to trade difficulties the company is operating at 50% capacity. Selling price have had to be lowered to what the directors maintain is an uneconomic level and they are considering whether or not their single factory should be closed down until the trade recession has passed.

A market research consultant has advised that in about twelve months time there is every indication that sales will increases to about 75% of normal capacity and that the revenue to be produced from sales in the second year will amount to Rs. 90,000. The present revenue from sales at 50% capacity would amount to only Rs, 49,500 for a complete year.

If the directors decide to close down the factory for the year, it is estimated that :

a) The present fixed costs would be reduced to Rs. 11,000 a year.

b) Closing down costs (redundancy payments etc.) would amount to Rs. 7,500.

c) Necessary maintenance of plant would cost Rs 1,000 p.a.

d) On reopening the factory the cost of overhauling plant, training and engagement of new personnel would amount to Rs, 4,000.

Prepare a statement for the directors presenting in such a way as to indicate whether or not it is desirable to close the factory.