Roll No. | | | | | | | | | | | | | **Total No. of Pages : 05**

Total No. of Questions : 10

MBA(IB) (Sem.–1)
ACCOUNTING FOR MANAGEMENT AND REPORTING
Subject Code : MBA-104-18

M.Code : 75405

Date of Examination:02-01-2025

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

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL 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 and carries TWELVE marks.**

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.