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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 COMPULSORY. 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 an 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:

- Pattern of financing of both the companies
- Adequacy of working capital
- Pattern of financing of Assets
- Working capital position and ways to improve Working Capital position