

MBA-103
Accounting for Management
May-2014
MBA 1st sem.

Time: 3Hrs

Mix marks: 60

Section- A

Attempt any four questions.

Marks: 20

- Q (I) (a) Difference between Financial Accounting & Cost Accounting.
- (b) What is Fund Flow Statement & its uses.
- (c) Advantage of Standard and costing.
- (d) Define Kaizen Costing.
- (e) Explain five Cycle costing.
- (f) The purchase volume ratio of X Ltd is 50% and the margin of safety is 40%. You are required to calculate the net profit if the sales volume is Rs. 1,00,000

Marks: 32

Section-B

Attempt one question each from all the units 2 each question carries 8 marks,

- Q(II) (a) Discuss the role of an accountant in the globalised world.
- (b) Discuss any four accounting conventions.
- (III) Discuss the schedule VI as applicable to insurance companies.

Unit-II

QIV What do you mean by Analysis and interpretation of financial statements? Explain briefly the different techniques used for this purpose.

QV Prepare a cash flow statement of Atlantic Business Corporation from following information:

BALANCE SHEET

(At Jan.1 and December 31, 2001)

	January I	December 31
	Rs.	Rs.
Cash and Bank	40,000	44,400
Accounts Receivable	10,000	20,700
Inventories	15,000	15,000
Land	4,000	4,000
Business Premises	20,000	16,000
Plant and Equipment	15,000	17,000
Accumulated Depreciation	(5,000)	(2,800)
Patents and Trade Marks	1,000	900
Total Assets	1,00,000	1,15,200
Current liabilities	30,000	32,000
Bonds Payable	22,000	22,000
Bonds Payable Discount	(2,000)	(1,800)
Capital Stock	35,000	43,500
Retained Earnings	15,000	19,500
Total Liabilities	1,00,000	1,15,200

Additional Information :

- (i) Income for the period Rs. 10,000.
- (ii) A building that cost Rs. 4,000 and which had a book value of Rs. 1,000 was sold for Rs.1,400.
- (iii)The depreciation charged for the year was Rs. 800.
- (iv) There was Rs. 5,000 issue of capital stock.
- (v)Cash dividends of Rs. 2,000 and a stock dividend of Rs. 3,500 were declared.

Unit-III

QVI(a) Discuss the different clarifications of cost.

(b) “The technique of marginal costing can be a valuable aid to management”. Discuss.

VII A factory is currently working 50% capacity and produces 10,000 units. Estimate the profits of the company when it works at 60% and 80% capacity and offer your critical comments .

At 50% working raw material cost increases by 2% and selling price falls by 2% At the 80% working, raw material cost increases 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 follows:

	Rs.
Material	100
Labour	30
Factory Overhead	30(40% fixed)
Administrative Overhead	20(50% fixed)

Unit IV

VIII What do you mean by transfer pricing? Discuss the different methods of transfer pricing.

IX Explain

- (a) Price level Accounting.
- (b) Activity based costing.

Section –C

X The 'F' company has just been incorporated and plans to produce a product that will sell at Rs.10 per unit. Preliminary market surveys shows that demand will be less than 10,000 units per year ,but it is not clear by how much less.

The company has the choice of buying one of two machines ,each of which has a capacity of 10,000 units per year .Machine A would have fixed costs of Rs.30,000 per year and would yield a profit of Rs.30,000 per year if sales were 10,000 units. Machine B has a fixed cost per year of Rs.16,000 and would yield profits of Rs.24,000 per year with sales of 10,000 units.

Calculate:

- (i) Break even point for each machine.
- (ii) The sales level where both machines are equally profitable.