

Roll No.

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Paper ID [MB103]

(Please fill this Paper ID in OMR Sheet)

MBA (Sem. - 1st)

ACCOUNTING FOR MANAGEMENT (MB - 103)

Time : 03 Hours

Maximum Marks : 60

Instruction to Candidates:

- 1) Section - A is **Compulsory**.
- 2) Attempt any **Four** questions from Section - B.

Section - A

Q1)

(10 × 2 = 20)

- a) Write three principles of accounting.
- b) Differentiate between Financial accounting and Cost accounting.
- c) What is Accounting Cycle?
- d) What is the purpose of preparing a Funds flow statement?
- e) Differentiate between Absorption Costing and Marginal Costing.
- f) What are overheads? Give two examples.
- g) What is the objective of Zero Base Budgeting?
- h) Write three benefits of Price Level Accounting.
- i) What is the rationale of Activity Based Costing?
- j) What is Social Accounting?

Section - B

(4 × 10 = 40)

Q2) Is accounting an information system? Discuss various concepts of accounting and their implications.

Q3) The following trial balance has been extracted from the books of Mr. Singh as on 31st March 2006:

Particulars	Debit(Rs.)	Credit(Rs.)
Furniture and fittings	1,280	
Motor vehicles	12,500	
Buildings	15,000	
Capital account		25,000
Bad Debts	250	
Provision for doubtful debts		400
Sundry debtors and Creditors	7,600	5,000
Opening Stock	6,920	
Purchases and sales	10,950	30,900
Bank overdraft		5,700
Sales and purchases returns	400	200
Advertising	900	

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Interest	236	
Commission		750
Cash	1,300	
Taxes and Insurance	1,564	
General expenses	2,500	
Salaries	6,600	
Total	68,000	68,000

The following adjustments are to be made:

- Stock in hand as on March 31st, 2006 was Rs. 6,500.
- Depreciate Buildings @ 5%, Furniture and Fittings @ 10% and Motor Vehicles @ 20%.
- Salaries Rs. 600 and taxes Rs. 400 are outstanding.
- Insurance amounting to Rs. 200 is prepaid.
- Write off further bad debts and provision for doubtful debts is to be made @ 5% on Sundry debtors.

Prepare Trading and Profit and Loss Account for the year ending March 31st, 2006 and balance Sheet as on that date.

Q4) What is the purpose of doing Financial Analysis? Discuss various ratios which may be helpful to an investor in carrying out financial analysis.

Q5) A retailer in garments is currently selling 24000 shirts annually. He supplies the following details for the year ended 31st December 2001:

Selling Price per shirt	Rs. 40
Variable cost per shirt	Rs. 25
Fixed Costs:	
Staff salaries	Rs. 1,20,000
General office costs	Rs. 80,000
Advertising Costs	Rs. 40,000

Required:

- Calculate the break-even point and the margin of safety in sales revenue and number of shirts sold.
- Assume that 20,000 shirts were sold in a year, find out the net profit.
- It is decided to introduce selling commission of Rs. 3 per shirt, how many shirts would you recommend to be sold in a year to earn a net income of Rs. 15,000.

Q6) Explain Budget, Budgeting and Budgetary Control. How does budgetary control differ from Standard Costing?

Q7) Write notes on the following:

- Human Resources Accounting.
- Responsibility accounting.

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