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

**Total No. of Questions : 15**

**MBA / MBA(IB) (2014 to 2017) (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. **SECTIONS-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 EIGHT marks.**

## SECTION-A

Q1 What is the need of accounting?

Q2 What are the limitations of financial accounting?

Q3 How fund flow statement differ from cash flow statement?

Q4 Discuss in detail benefits of break even analysis.

Q5 Define transfer pricing.

Q6 What do you mean by tally software package?



## SECTION-B

### UNIT-I

Q7 Why accounting is considered as information system? Discuss in detail relevance of concepts and conventions for preparation of financial statement and its evolution.

Q8 Discuss in detail with the help of example how to prepare final account for insurance and banking companies

## UNIT-II

Q9 Discuss in detail concept, nature and limitation of financial statement. What are latest techniques of financial statement analysis?

Q10 a) From the following information prepare proprietors' fund and balance sheet with maximum details possible:

| | |
|---|---|
| Current Ratio | 4.5 |
| Liquid Ratio | 2 |
| Proprietary ratio | 1.5 |
| Working Capital | Rs. 20000 |
| Reserve and Surplus | Rs. 10000 |
| Bank overdraft | Rs. 5000 |

b) The following is the position of Current Assets and Current Liabilities of M Ltd.

| **Particulars** | **2006 Rs.** | **2007 Rs.** |
|---|---|---|
| Provision for Bad Debts | 1,000 | 3,000 |
| Short- term Loan | 10,000 | 19,000 |
| Creditors | 15,000 | 10,000 |
| Bills Receivable | 20,000 | 40,000 |

The company incurred a loss of Rs. 45,000 during the year. Calculate the Net Cash Flows from the Operating Activities by Indirect Method.

## UNIT–III

Q11. Anupam International LTD produces three products A, B, C each requiring more than one labour operation. Labour requirement per unit of output is given below :

| **Operation** | **A** | **B** | **C** |
|---|---|---|---|
| **1** | 10 | 20 | 5 |
| **2** | 5 | - | 10 |
| **3** | 15 | 10 | 5 |

The factory works for 8 hours per day for 26 days in a month. In a month 8 hours are lost due to various reasons. The budgeted hourly rates for the workers in operations 1,2 and 3 are Rs.4, Rs.5 and Rs.6 respectively.

The budgeted production during the Month for the three products is as follows :

| | |
|---|---|
| PRODUCT A | 4000 units |
| PRODUCT B | 6000 units |
| PRODUCT C | 8000 units |

Prepare a labour budget for the month showing for each operation, (i) direct labour hour (ii) direct labour cost and (iii) the number of workers.

Q12 The following data is obtained from the books of manufacturing concern :

| | Men | Women |
|---|---|---|
| **Number in the standard gang** | 24 | 14 |
| **Standard rate per hour** | Rs. 8 | Rs. 7 |
| **Number in the actual gang** | 18 | 16 |
| **Actual rate per hour** | Rs. 9 | Rs.6 |

During a week, 2 hour were lost due to power failure and work was actually done for 40 hours Calculate labour mix variance and idle time variance.

**UNIT-IV**

Q13 ABC Company produces two types of stereo units, Activity data as follows :

**Product Costing Data**

| Activity Usage Measure | Deluxe | Regular | Total |
|---|---|---|---|
| Units produced per year | 5,000 | 50,000 | 55,000 |
| Prime cost (Rs.) | 39,000 | 3,69,000 | 4,08,000 |
| Direct labour hours | 5,000 | 45,000 | 50,000 |
| Machine hours | 10,000 | 90,000 | 1,00,000 |
| Production runs | 10 | 5 | 15 |
| Number of moves | 120 | 60 | 180 |

**Activity cost data (overhead activities)**

| **Activity** | **Activity cost (Rs)** |
|---|---|
| Setting up equipment | 60,000 |
| Material handling | 30,000 |
| Using power | 50,000 |
| Testing | 40,000 |
| **Total** | **1,80,000** |



**Required :**

a) Calculate the consumption ratios for each activity.

b) Group activities based on the consumption ratios and activity level.

c) Calculate a rate for each pooled group of activities.

d) Using the pool rates, calculate unit product costs.

Q14 Write down the following :

a) Human resource accounting.

b) Tally software package in accounting.

## SECTION-C

Q15 A company has two divisions, A and B. Division, A manufactures a component which is used by division B to produce a finished product. For the next period, output and costs have been budgeted

| | **Division A** | **Division B** |
|---|---|---|
| **Component units** | 50,000 | - |
| **Finished units** | - | 50,000 |
| **Total variable costs** | Rs 2,50,000 | Rs 600000 |
| **Fixed costs** | Rs 1,50,000 | Rs 2,00,000 |

The fixed costs are separable for each division. You are required to advise on the transfer price to be fixed for Division A's component under the following circumstances.

1. Division A can sell the component in a competitive market for Rs. 10 per unit. Division B can also purchase the component from the open market at that price.

2. As per the situation described in (i) above, and further assume that Division B currently buys the component from an external supplier at the market price of Rs. 10 and there is reciprocal agreement between the external supplier and another Division C, within the group. Under this agreement the external supplier agrees to buy one product unit from Division C, at the profit Rs. 4 per unit to that division, for every component which division B buys from the supplier.