

Roll No.

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Paper ID [B0203]

(Please fill this Paper ID in OMR Sheet)

MBA / MB (103) (Old / S05) (Sem. - 1st)

ACCOUNTING FOR MANAGEMENT

Time : 03 Hours

Maximum Marks : 75

Instruction to Candidates:

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

Section - A

(15 x 2 = 30)

Q1)

- a) Write accounting equation. What does it signify.
- b) Write three principles of accounting.
- c) Explain the convention of conservatism.
- d) What are cost drivers?
- e) How are outstanding expenses treated in final accounts?
- f) What are common size statements?
- g) Explain the term 'fund'.
- h) What is Human Resource Cost Accounting?
- i) What is the significance of P/E ratio?
- j) Differentiate between Social cost and Social Benefits.
- k) Explain the term 'cost object'.
- l) What are opportunity costs?
- m) Differentiate between period costs and product costs.

- n) What are flexible budgets?
- o) Differentiate between a 'profit center' and a cost center.

Section - B

(9 x 5 = 45)

- Q2)** Is accounting an information system? Discuss its components.
- Q3)** Discuss how Activity Based Costing is different from Traditional Costing.
- Q4)** Explain three most significant concepts of accounting.
- Q5)** From the following balances drawn from the ledger of a merchant, prepare trading profit and Loss Account for the year ended on 31st March 2006 and a Balance Sheet as on that date:

<u>Particulars</u>	<u>Amount (Rs)</u>	<u>Particulars</u>	<u>Amount (Rs)</u>
Sundry creditors	19,000	Bad debts	100
Buildings	15,000	Loan from Ram	2,500
Income tax	1,025	Sundry debtors	9,500
Loose tools	1,000	Investments	6,500
Cash at bank	16,200	Provision for doubtful debts	1,600
Sundry expenses	1,990	Rent and Rates	850
Bank interest (Cr)	75	Furniture	3,000
Purchases	1,57,000	Opening stock	27,350
Wages	10,000	Capital	47,390
Carriage inwards	1,120	Discount allowed	630
Sales	1,85,000	Dividend received	535
Motor van	12,500	Drawings	2,000
Cash in hand	335	Bills payable	10,000

The following adjustments need to be made:

- (a) Write off further Rs. 300 as bad debts and create a Provision for Doubtful debts at 2%.
- (b) Closing stock was valued at Rs. 15,000.
- (c) Write off 55 for depreciation on buildings and 40% on Motor van.
- (d) Provide for interest @ 12% p.a. due on loan taken from Ram on 1-6-2005.

- Q6)** Who are the users of financial statements? What type of information do they seek from the financial statements?
- Q7)** What is the objective of preparing the Cash Flow statement? Give the format of a Cash Flow Statement.
- Q8)** What are the limitations of Historical Cost Accounting? In what way is Price Level accounting an improvement over Historical Cost Accounting?
- Q9)** What is the objective of Social Accounting? What type of information is given in social accounts?
- Q10)** A company sells its product at Rs.15 per unit. In a period, if it produces and sells 8000 units, it incurs a loss of Rs. 5 per unit. If the volume is raised to 20000 units, it earns a profit of Rs. 4 per unit. Calculate Break Even Point both in terms of Rupees and units.
- Q11)** Differentiate between Standard Costing and Budgetary Control.
- Q12)** Discuss the rationale and advantages of Zero base Budgeting.
- Q13)** A company has provided you the following information:

Products	Sales Rs.	P/V Ratio %
A	6,00,000	40
B	9,00,000	30
C	10,00,000	25

The fixed costs amount to Rs. 8,00,000.

You are required to revise the sales mix to ensure a profit of Rs. 10,000 in such a way that not more than Rs. 8,00,000 of sales of product A is possible and that the present total value of sales should not be altered.

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