SECTION C

4. (A) Explain the need and importance of management accounting. 7

(B) What is zero – based budgeting ? Discuss. 7

OR

(C) Define 'Budget' and 'Budgetary Control'. Explain the objectives of budgeting. 7

(D) What is a master budget ? Explain the two approaches of preparing production budget. 7

SECTION D

5. (A) Following are the balance sheets of a limited company as on 31^{st} December 2013 and 31^{st} December 2014.

(In Rs.)

Liabilities	31/12/2013	31/12/2014
Share Capital	54,000	74,000
Reserves	13,000	15,500
P and L A/c	8,600	8,800
Bank Loan (any term)	25,000	—
Creditors	28,000	24,000
Bills Payable	8,000	8,500
	1,36,600	1,30,800

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First Semester Master of Business Administration Examination

ACCOUNTING FOR MANAGERS

Paper – MBA / 104

P. Pages : 5

Time : Three Hours] [Max. Marks : 70

Note : (1) Attempt **all** questions.
(2) Figures to the right indicate marks.

SECTION A

1. (A) What is 'GAAP' ? What are different Accounting Concepts and Conventions ? Discuss.

OR

(B) Explain the Concept, importance and scope of financial accounting. 14

SECTION B

2. (A) Define and differentiate between marginal costing and absorption costing. 7

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(B) Following information has been provided to you :—

Production — 1000 units (at 100% capacity)
Closing stock — 200 units
Variable Cost of Production — Rs. 50 per unit
Fixed cost of Production — Rs. 100 per unit
Sales price — Rs. 200 per unit

Show the profits using both marginal costing and absorption costing techniques. 7

OR

(C) What is 'Cost Sheet' ? Explain the application of marginal costing technique in decision making. 7

(D) Prepare a single cost sheet using following information :—

		(In Rs.)
Direct Labour Cost	—	10,000
Direct Material Cost	—	38,000
Direct Expenses	—	9,000
Factory overheads	—	21,000
Selling and Distribution overheads	—	13,000
Office and administration overheads	—	7,500

7

3\. (A) What is depreciation ? Define and differentiate between straight line method and written down method of charging depreciation. 7

(B) An asset was purchased for Rs 20 Lakhs, Rs. 2 lacs was spent on its installation and the sink value of the asset after expiry of its active life is expected to be Rs. 1 lac. Show the depreciation of this assets in the first two years of its life using diminishing balances method @ 5%. 7

OR

(C) What are different methods used for inventory valuation ? Explain any two of them. 7

(D) Following lots of raw materials were per chased during the month of December 2014 by a Company.

December 3	1800 units @	Rs. 70 p. u.
December 13	2000 units @	Rs. 68 p. u.
December 18	2500 units @	Rs. 72 p. u.
December 21	1500 units @	Rs. 75 p. u.
December 25	2000 units @	Rs. 65 p. u.
December 28	3000 units @	Rs. 58 p. u.

The company closes its account on 31st December every year on which date it had a closing stock of Raw materials of 3200 units. Calculate the value of this closing inventory according to LIFO method. 7

	31/12/2013	31/12/2014
Assets		
Goodwill	3,000	2,520
Buildings	50,950	48,000
Plants	35,000	43,000
Stock	25,500	18,800
Debtors	22,000	16,200
Cash	150	180
Bank	—	2,100
	1,36,600	1,30,800

Additional Information :—

(1) Dividend paid was Rs. 6,000.

(2) Rs. 3,600 was written off as depreciation on plant and Rs. 2,950 on builidings.

(3) Profit on sale of plant was Rs. 3,000 prepare funds flow statement of the limited company showing workings in support. 14