

**MASTER OF BUSINESS ADMINISTRATION /
MASTER OF BUSINESS ADMINISTRATION
(BANKING AND FINANCE) (MBA/MBF)**

Term-End Examination

June, 2022

MMPC-004 : ACCOUNTING FOR MANAGERS

Time : 3 hours

*Maximum Marks : 100
(Weightage : 70%)*

Note : *Attempt any **five** questions. All questions carry equal marks.*

1. From the following balances taken from the ledger of M/s Fort & Palace Ltd. on 31st March, 2021, prepare :
 - (a) Trading Account
 - (b) Profit and Loss Account for the year ended 31st March, 2021
 - (c) Balance Sheet as on 31st March, 2021

Particulars	Amount ₹	Particulars	Amount ₹
Sundry creditors	57,000	Bad debts	300
Building	45,000	Loan from X	7,500
Income tax	3,075	Sundry debtors	28,500
Loose tools	3,000	Investments	19,500
Cash at bank	48,600	Provision for bad debts	4,800
Sundry expenses	5,970	Rent and Rates	2,550
Interest received	225	Furniture	9,000
Purchases	4,71,000	Stock (01.04.2020)	82,050
Wages	30,000	Capital	1,42,170
Carriage inwards	3,360	Discount allowed	1,890
Sales	5,55,000	Dividends received	1,605
Motor van	37,500	Drawings	6,000
Cash in hand	1,005	Bills payable	30,000

Adjustments to be taken into account :

- (i) Write off further ₹ 900 as bad debt out of sundry debtors and create a provision for bad debts at 20% of debtors.
- (ii) Dividend accrued and due on investment is ₹ 405. Rates paid in advance is ₹ 300 and outstanding wages is ₹ 1,350.
- (iii) On 31.03.2021, stock was valued at ₹ 45,000 and loose tools were valued at ₹ 2,400.

- (iv) Write off 5% for depreciation on building and 40% on motor van.
 - (v) Provide for interest at 12% p.a. on loan taken on 01.06.2020.
 - (vi) Income tax paid is to be treated as drawings.
2. Describe the activities taken into consideration for preparation of cash flow statement. Discuss the direct and indirect method of preparation of cash flow statement and highlight the main differences among them.
3. What are the elements of cost ? How is the total cost calculated taking into consideration prime cost, factory cost and office cost ? Discuss the classification of costs based on the variable nature of cost.
4. What is 'Activity-Based Costing' ? Explain its main features, objectives, merits and demerits. Describe the process for implementation of activity-based costing.
5. Describe the drawbacks of traditional budgeting techniques. Also explain the concepts of 'Performance Budgeting' and 'Zero Base Budgeting'. Discuss the application of these techniques.

- 6.** What is Variance ? How are the following variances calculated ?
- (a) Direct Labour Rate Variance
 - (b) Direct Labour Efficiency (Time) Variance
 - (c) Direct Material Price Variance
 - (d) Direct Material Usage Variance

Discuss the possible causes for each of these variances.

- 7.** What is an 'Annual Report' ? Briefly discuss the various contents of Annual Report and describe the significance of the information contained in each part of the Annual Report.
- 8.** Explain the concept of 'Fraud Triangle' and discuss the application of forensic accounting.
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