

No. of Printed Pages : 4

MS-4

**MANAGEMENT PROGRAMME (MP)**

**Term-End Examination**

**June, 2023**

**MS-4 : ACCOUNTING AND FINANCE FOR MANAGERS**

*Time : 3 Hours*

*Maximum Marks : 100*

**Note :** (i) Attempt any **five** questions.

(ii) All questions carry equal marks.

1. What are the uses of Earnings Information ?  
What do you understand by Capitalisation of Earnings ? How is the value of a firm ascertained with the help of its earnings ?  
Explain with an example.
2. You are required to prepare a cash flow statement of M/s XYZ Enterprises. The financial position of the firm is as given ahead :

P. T. O.

[ 2 ]

MS-4

	1-1-2021 (₹)	31-12-2021 (₹)		1-1-2021 (₹)	31-12-2021 (₹)
Accounts Payable	29,000	25,000	Cash	40,000	30,000
Capital	7,39,000	6,15,000	Debtors	20,000	17,000
			Stock	8,000	13,000
			Building	1,00,000	80,000
			Fixed Assets	6,00,000	5,00,000
	7,68,000	6,40,000		7,68,000	6,40,000

- (i) There were no drawings.
  - (ii) There were no purchase or sale of either buildings or fixed assets.
3. Explain the techniques of marginal costing. How is the technique of marginal costing useful to the management in making various decisions ? What are the limitations of this technique ?
  4. Explain the term 'Zero Based Budgeting'. Describe the steps involved in the process of preparing a zero base budget. What are the advantages of zero base budgeting ?

[ 3 ]

MS-4

5. What is dividend ? Discuss the forms in which dividends are paid. Describe the factors affecting dividend decisions.
6. Distinguish between the following :
- (a) FIFO and LIFO methods of Inventory valuation
  - (b) Gross working capital and Net working capital
  - (c) Prime cost and Factory cost
  - (d) Accounting Rate of Return and Internal Rate of Return
7. Alpha Ltd. wants to buy a new machine to replace the one which is having frequent breakdown. The company received offers for two models A & B, details of which are as follows :

Particulars	A	B
Installed Capacity (units)	10,000	10,000
Fixed Overhead p. a. (₹)	2,40,000	1,00,000
Estimated profit at the above capacity (₹)	1,60,000	1,00,000

P. T. O.

[ 4 ]

MS-4

The product manufactured using this type of machine (A or B) is sold at ₹ 100 per unit. You are required to determine :

- (i) Break-even level of sales for each model.
  - (ii) Level of sales at which both the models will earn the same profit.
  - (iii) The model suitable for different levels of demand for the product.
8. Write short notes on any *four* of the following :
- (a) Materiality concept
  - (b) Money measurement concept
  - (c) Direct labour variance
  - (d) Contingent liabilities
  - (e) Written down value method of depreciation

MS-4