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EXECUTIVE MBA (EXMBA)

Term-End Examination

June, 2011

MCT-052 : MANAGERIAL ACCOUNTING

Time : 3 hours

Maximum Marks : 100

Note : Attempt any FIVE questions. All questions carry equal marks.

1. How would you use your knowledge of 12, 8 accounting tools and techniques for the purposes of decision making in your organisation ? Give specific examples to highlight the importance of accounting information in modern times.
2. "Accounting is the language of business". It has 15, 5 its own grammar known as 'Generally Accepted Accounting Principles'. State the important accounting concepts and conventions. Do these concepts serve any purpose ?
3. Outline the process of 'financial statement analysis'. What methods are generally used for this purpose ? Which ratios would you calculate for the purpose of determining the solvency of an organisation ? Give suitable examples also. 6, 6, 6, 2

4. "Budget is looking ahead and control is looking back".

In the light of the above statement, outline the process of budgets and budgetary control. What purposes are served by these? Can zero-base budgeting be combined with the traditional budgets?

10, 5, 5

5. (a) With the help of assumed figures, show the effect of a price reduction on the break-even point, P/V ratio and the margin of safety. 8, 12
- (b) The following sales and profit data relate to a company :

	<u>Sales (in Rs.)</u>	<u>Profit (in Rs.)</u>
Period 1	1,30,000	11,000
Period 2	1,50,000	15,000

You are required to find out the following :

- (i) P/V Ratio
- (ii) Fixed cost
- (iii) Break-even point
- (iv) Profit at sales of Rs. 1 lac.
6. A pharma company purchases a plant which can operate 19,800 hours a year and can produce Tablet A or B - Following data is also available :

20

	A (in Rs.)	B (in Rs.)
Selling Price per Tablet	10	15
Variable Cost per Tablet	8	12

Annual fixed cost of the plant is Rs. 9,900. It takes 3 hours to produce one tablet of A while it requires 4 hours to produce one tablet of B. Market conditions are such that no more than 4000 tablets of A and not more than 3000 tablets of B can be sold in a year.

You are requested to suggest the product mix that should be produced and sold so as to maximise profits.

7. Outline the meaning and process of 'activity based costing'. How can it be implemented in an organisation ? 10, 10
8. Write short notes on *any two* of the following : $10 \times 2 = 20$
- (a) Common-size Financial Statements
 - (b) Accounting vs. Management Accounting
 - (c) Cash Flow Statement
 - (d) IFRS
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