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MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2021

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 do you understand by Fundamental Accounting Concepts ? Discuss any ***six*** accounting concepts in detail. Explain the limitations of each of those concepts.

2. You are required to prepare the Balance Sheet of Alpha Ltd. with the help of the following information :

Owners Equity	₹ 1,00,000
Current Debt to Total Debt	0.40
Total Debt to Owners Equity	0.60

Fixed Assets to Owners Equity	0.60
Total Assets Turnover	2 times
Inventory Turnover	8 times

3. Explain the technique of marginal costing. How does marginal costing help management in taking various decisions ? What are the limitations of this technique ?

4. Explain the following :

   (a) Sales Budget

   (b) Production Budget

   (c) Cash Budget

   (d) Master Budget

5. What do you understand by the term Capital Structure ? Discuss the features of an appropriate capital structure. What are the factors that are taken into account while designing the capital structure for a company ?

6. (a) Explain the ***two*** methods of depreciation with the help of a suitable example.

   (b) Discuss the concept and significance of working capital.

7. XYZ Ltd. is considering whether it should spend ₹ 4 lakhs on a project to manufacture and sell a new product. The unit variable cost of the product is ₹ 6. It is expected that the new product can be sold at ₹ 10 per unit. The annual fixed costs (only cash) will be ₹ 20,000. The project will have a life of six years with a scrap value of ₹ 20,000. The cost of capital of the company is 15%. The only uncertain factor is the volume of sales. To start with, the company expects to sell at least 40000 units during the first year.

   You are required to calculate the :

   (i) Net present value of the project based on the sales expected during the first year and on the assumption that it will continue at the same level during the remaining years.

   (ii) The minimum volume of sales required to justify the project.

   Note : Annuity of Re. 1 at 15% for six years has a present value of ₹ 3.7845 and present value of Re. 1 received at the end of sixth year at 15% is Re. 0.4323.

8. Write short notes on any ***four*** of the following :

   (a) Operating Profit

   (b) Score-Keeping

   (c) Opportunity Costs

   (d) Liquidity Ratios

   (e) Dividend Policy