

Roll No.

Total No. of Pages : 04

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MBA / MBA (IB) (Sem.-1)
ACCOUNTING FOR MANAGEMENT AND REPORTING

Subject Code : MBA-104-18

M.Code : 75405

Date of Examination : 19-06-2024

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and carries TWELVE marks.

SECTION-A

1. Write short notes on the following :

- (a) Capital
- (b) Accounting Equation
- (c) Contribution
- (d) Rolling Budget
- (e) Inventory Turnover Ratio
- (f) Common Size Statement
- (g) Transfer Pricing
- (h) IFRS.

SECTION-B

UNIT-I

2. Differentiate between financial, cost and management accounting. Briefly describe the various concepts and conventions used in financial accounting.

3. What do you mean by insurance company accounts? Describe the major differences in the preparing insurance company accounts and accounts of a manufacturing company. Also describe the format of balance sheet of a banking company as prescribed by the IRDA.

UNIT-II

4. What is break even analysis? Discuss in detail the assumptions and process for conducting break even analysis. Also briefly describe the practical application of break even analysis in managerial decision making.
5. X Co. Ltd. uses a standard cost system and manufactures product Z. Standard cost per 1000 kg. of output is as under :

Material	Quantity (in Kg.)	Price (in Rs.)
A	1800	2.50
B	1200	4.00
C	1200	1.00

In March, 2021, the company produced 2,00,000 kg of output. Actual consumption was :
Material A - 1,57,000 kg @ Rs. 2.40

Material B - 3 8,000 kg @ Rs. 4.20

Material C - 36,000 kg @ Rs. 1.10

You are required to calculate (a) Material Cost Variance (b) Material Price Variance (c) Material Usage Variance (d) Material Mix Variance and (e) Material Yield Variance.

UNIT-III

6. What do you mean by cash flow statement? Describe the difference between cash and fund flow statements. Discuss various methods of preparing cash flow statement.
7. **Discuss in detail the meaning and applications of the following :**
- (a) Price Level Accounting
- (b) Target Costing.

UNIT-IV

8. Following is the Balance Sheet of Hero MotoCorp Co. Limited for the Financial Years 2022-23 and 2021-22. You are required to prepare the comparative balance sheet of the company and analyse the change in the financial position of the company.

Capital and Liabilities	2022-23 (Rs. in Crores)	2021-22 (Rs. in Crores)
Equity Share Capital	39.97	39.96
Reserves and Surplus	16,629.49	15,718.51
Employees Stock Options	35.63	24.45
Deferred Tax Liabilities [Net]	405.37	383.29
Other Long Term Liabilities	330.58	297.36
Long Term Provisions	198.12	178.07
Trade Payables	4,704.46	4,260.34
Other Current Liabilities	743.83	651.62
Short Term Provisions	175.69	160.42
Total Capital and Liabilities	23,263.14	21,714.02
Assets		
Tangible Assets	5,261.23	5,507.98
Intangible Assets	500.19	298.5
Capital Work-in-Progress	128.55	87.32
Intangible Assets Under Development	335.24	370.88
Non-Current Investments	7,372.48	4,814.66
Long Term Loans and Advances	19.87	59.03
Other Non-Current Assets	608.79	460.69
Current Investments	3,637.88	5,837.66
Inventories	1,434.09	1,122.65
Trade Receivables	2,798.21	2,304.27
Cash and Cash Equivalents	345.5	175.12
Short Term Loans and Advances	23.71	22.81
Other Current Assets	797.4	652.45
Total Assets	23,263.14	21,714.02

9. What do you mean by accounting standards? Describe the role of accounting standards in bringing consistency, transparency, comparability and uniformity in the accounting practice by various companies. Also, describe the various challenges in implementing the accounting standards in India.

SECTION-C

10. **Case Study :**

Following are the financial ratios of Maruti Suzuki Co. Ltd. for the financial years 2018-2019 to 22-23:

Financial Ratios	2022-23	2021-22	2020-21	2019-20	2018-19
Investment Valuation Ratios					
Face Value	5	5	5	5	5
Dividend Per Share	—	—	—	—	—
Operating Profit Per Share (Rs. in Crores)	364.73	188.9	177.16	242.07	364.25

Net Operating Profit Per Share (Rs. in Crores)	3,892.06	2,924.05	2,329.58	2,504.63	2,849.20
Earnings Per Share	266.46	124.68	140.02	187.06	248.3
Book Value	1998.87	1790.45	1700.44	1603.45	1527.46
Profitability Ratios					
Operating Profit Margin (%)	9.37	6.46	7.6	9.66	12.78
Gross Profit Margin (%)	6.96	3.3	3.29	5	9.27
Cash Profit Margin (%)	9.07	7.22	9.89	11.5	11.86
Net Profit Margin (%)	6.98	4.39	6.23	7.5	8.88
Return On Capital Employed (%)	16.39	8.36	9.91	14.37	22.31
Return On Net Worth (%)	13.28	7.01	8.36	11.48	16.24
Return on Long Term Funds (%)	16.72	8.42	10	14.4	22.38
Liquidity and Solvency Ratios					
Current Ratio	0.61	0.81	0.62	0.63	0.55
Quick Ratio	0.47	0.65	0.48	0.41	0.37
Debt Coverage Ratios					
Interest Cover	55.26	36.82	51.61	53.04	138.92
Total Debt to Owners Fund	0.02	0.01	0.01	0	0
Management Efficiency Ratios					
Inventory Turnover Ratio	27.45	25.01	23.08	23.54	25.9
Debtors Turnover Ratio	44.07	53.3	43.2	35.27	45.56
Investments Turnover Ratio	1.87	1.59	1.33	1.53	1.82
Fixed Assets Turnover Ratio	3.15	2.82	2.31	2.62	3.38
Total Assets Turnover Ratio	1.88	1.6	1.33	1.54	1.84
Asset Turnover Ratio t^{\wedge}	1.98	1.63	1.37	1.56	1.91
Cash Flow Indicator Ratios					
Dividend Payout Ratio Net Profit	22.07	35.04	41.29	51.32	38.08
Dividend Payout Ratio Cash Profit	16.42	20.38	24.41	31.65	27.3
Earning Retention Ratio	77.44	63.44	57.06	47.6	61.13
Cash Earning Retention Ratio	83.31	79.11	75.02	67.95	72.3

Using the above financial ratios; you are required to comment on the financial position as well as performance of Maruti Suzuki Co. Ltd.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.