Seat No. : _____

DK-104

December-2025

IMBA ., Sem.-VII (Regular)

IMBA in Finance (FM) / IMBA in HR and Public Administration (HRPA) / IMBA in Business Management (BM) / IMBA in Business Economics and Management (BEM)

MBA-104/HR-MBA-104/BEM-MBA-104/FM-MBA-104 : Fundamentals of Accounting (FA)

Time : 2:30 Hours] **[Max. Marks : 70**

1. Write a short note on : **14**
   (i) GAAP
   (ii) IFRS

2. (a) Global Tech Holdings, incorporated in a foreign country, has a net worth of ₹ 700 crores. It has two subsidiaries : Company M, whose net worth as on 31st March, 2014 is ₹ 700 crores and Company N, whose net worth is ₹ 650 crores. Are Company M and Company N required to follow Ind AS from accounting periods commencing on or after 1st April, 2016 based on their individual net worth, or based on the net worth of Global Tech Holdings ? **14**

   (b) Prime Engineering Solutions develops customised tools for its clients and the development cycle typically takes around 2 years for completion. All materials are supplied by the customer, so the entity only renders a service. For this service, the client makes upfront payments and the entity credits these amounts to "Income Received in Advance."
   How should this "Income Received in Advance" be classified — as current or non-current liability ?

OR

2. ABC Manufacturing Ltd. produces five products. From the following information, compute the following variances : **14**
   Material Cost Variance (MCV), Material Price Variance (MPV), Material Usage Variance (MUV), Material Mix Variance (MMV) and Material Yield Variance (MYV).

Product	Standard Quantity (SQ)	Actual Quantity (AQ)	Standard Price (SP)	Actual Price (AP)
P	25,000	14,000	₹ 3.00	₹ 2.50
Q	65,000	70,000	₹ 4.00	₹ 4.60
R	48,000	52,000	₹ 5.00	₹ 6.20
S	15,000	20,000	₹ 6.00	₹ 7.80
T	90,000	72,000	₹ 7.00	₹ 6.50

3. A company had incurred fixed expenses of ₹ 4,50,000, with sales of ₹ 15,00,000 and earned a profit of ₹ 3,00,000 during the first half year. In the second half, it suffered a loss of ₹ 1,50,000. **14**

CALCULATE :

(i) The profit-volume ratio, break-even point and margin of safety for the first half year.

(ii) The expected sales volume for the second half year, assuming that selling price and fixed expenses remained unchanged during the second half year.

(iii) The break-even point and margin of safety for the whole year.

OR

3. A single product company sells its product at ₹ 60 per unit. In 2019-20, the company operated at a margin of safety of 40%. The fixed costs amounted to ₹ 3,60,000 and the variable cost ratio to sales was 80%. **14**

In 2020-21, it is estimated that the variable cost will go up by 10% and the fixed cost will increase by 5%.

(i) Find the selling price required to be fixed in 2020-21 to earn the same P/V ratio as in 2019-20.

(ii) Assuming the same selling price of ₹ 60 per unit in 2020-21, find the number of units required to be produced and sold to earn the same profit as in 2019-20.

4. TQM Ltd. has furnished the following information for the month ending 30th June : **14**

Master Budget, Actual and Variance Statement

Particulars	Master Budget	Actual	Variance
Units produced and sold	80,000	72,000	—
Sales (₹)	3,20,000	2,80,000	40,000 (A)
Direct material (₹)	80,000	73,600	6,400 (F)
Direct wages (₹)	1,20,000	1,04,800	15,200 (F)
Variable overheads (₹)	40,000	37,600	2,400 (F)
Fixed overhead (₹)	40,000	39,200	800 (F)
Total Cost (₹)	2,80,000	2,55,200	

The Standard costs of the product are as follows (per unit) :

- Direct materials (1 kg at the rate of ₹ 1 per kg) — ₹ 1.00
- Direct wages (1 hour at the rate of ₹ 1.50) — ₹ 1.50
- Variable overheads (1 hour at the rate of ₹ 0.50) — ₹ 0.50

Actual results for the month showed that 78,400 kg of material were used and 70,400 labour hours were recorded.

Required

(i) Based on master budget, prepare Flexible Budget for 72000 unites the month of June and comparing with actual results derive variance.

(ii) Calculate Variances :

- Direct Material Usage Variance
- Direct Material Price Variance
- Direct Labour Cost Variance
- Direct Labour Rate Variance
- Variable Overhead

OR

4. K Ltd. produces and markets a very popular product called 'X'. The company is interested in presenting its budget for the second quarter of 2022-23. **14**

The following information are made available for this purpose :

(i) It expects to sell 1,50,000 bags of 'X' during the second quarter of 2022-23 at the selling price of ₹ 1,200 per bag.

(ii) Each bag of 'X' requires 2.5 mtr. of raw-material 'Y' and 7.5 mtr. of raw-material 'Z'.

(iii) Stock levels are planned as follows :

Particulars	Beginning of Quarter	End of Quarter
Finished Bags of 'X' (Nos.)	45,000	33,000
Raw-Material 'Y' (mtr)	96,000	78,000
Raw-Material 'Z' (mtr)	1,71,000	1,41,000
Empty Bag (Nos.)	1,11,000	84,000

(iv) 'Y' costs ₹ 160 per mtr, 'Z' costs ₹ 30 per mtr and 'Empty Bag' costs ₹ 110 each.

(v) It requires 9 minutes of direct labour to produce and fill one bag of 'X'. Labour cost is ₹ 70 per hour.

(vi) Variable manufacturing costs are ₹ 60 per bag. Fixed manufacturing costs are ₹ 40,00,000 per quarter.

(vii) Variable selling and administration expenses are 5% of sales and fixed administration and selling expenses are ₹ 3,75,000 per quarter.

Required :

(i) Prepare a Production Budget for the said quarter in quantity.

(ii) Prepare a Raw-Material Purchase Budget for 'Y', 'Z' and 'Empty Bags' for the said quarter —both in quantity and in rupees.

(iii) Compute the budgeted variable cost to produce one bag of 'X'.

5. Prisha Limited manufactures three different products and the following information has been collected from the books of accounts : **14**

Existing Product Mix

Particulars	Product A	Product B	Product C
Sales Mix	40%	35%	25%
Selling Price	₹ 300	₹ 400	₹ 200
Variable Cost	₹ 150	₹ 200	₹ 120

Total Fixed Costs : ₹ 18,00,000

Total Sales : ₹ 60,00,000

The company has currently under discussion a proposal to discontinue the manufacture of Product C and replace it with Product E, when the following results are anticipated :

Proposed Product Mix

Particulars	Product A	Product B	Product E
Sales Mix	45%	30%	25%
Selling Price	₹ 300	₹ 400	₹ 300
Variable Cost	₹ 150	₹ 200	₹ 150

Total Fixed Costs : ₹ 18,00,000

Total Sales : ₹ 64,00,000

Required :

(i) Calculate the total contribution to sales ratio and present break-even sales at existing sales mix.

(ii) Calculate the total contribution to sales ratio and present break-even sales at proposed sales mix.

(iii) State whether the proposed sales mix is accepted or not.

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