MS–04

MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2024

MS–04 : ACCOUNTING AND FINANCE FOR MANAGERS

Time : 3 Hours *Maximum Marks : 100*

Weightage : 70%

Note : *Attempt any **five** questions. All questions carry equal marks.*

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1. Briefly explain the following :
   (a) Business Entity Concept
   (b) Money Measurement Concept
   (c) Cost Concept
   (d) Concept of Conservatism

2. Discuss the importance of cash and cash flow statement. Explain the main items which are shown in cash flow statement and the purpose of preparing this statement.

3. What is Marginal Cost and Marginal Costing ? Explain the difference between Marginal and Absorption Costing. Discuss the utility and limitations of Marginal Costing.

4. Briefly explain the major decisions which are under the purview of the finance function. Explain the objectives of the firm and distinguish between profit maximisation and wealth maximisation objectives of the firm.

5. (a) Explain 'Operating Leverage' and 'Combined Leverage'.

   (b) "A high degree of leverage brings about a higher magnification in equity earnings." Discuss this statement.

6. What do you understand by Flexible Budget ? How does it differ from a Fixed Budget ? Explain the significance of Flexible Budget in business organization.

7. What is Capital Structure ? Discuss the features of an appropriate capital structure and describe the determinants of capital structure.

8. The following figures extracted from the books of a manufacturing company :

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Direct Materials	2,05,000
Direct Labour	75,000
Fixed Overheads	60,000
Variable Overheads	1,00,000
Sales	5,00,000

Calculate the following :

(i) Break-even point

(ii) What will be the effect of BEP of an increase of 10% in (a) Fixed Expenses and (b) Variable Expenses ?

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