

Roll No.

12005

MBA 2 Yr. 1st Semester (CBCS)

Examination – December, 2018

ACCOUNTING FOR MANAGERS

Paper : 161MG21C5

Time : Three Hours]

[Maximum Marks : 80

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.

Note : Section-A is *compulsory* and attempt *one* question from each Unit in Section-B. All questions will carry equal marks.

SECTION – A

1. Explain briefly (answer to each question should not exceed 50 words normally) :

(a) System of accounting

(b) Dual aspect concept

12005-2,350-(P-7)(Q-9)(18)

P. T. O.

- (c) Difference between DPS and EPS
- (d) Difference between Net profit and Operating profit ratio
- (e) Opportunity cost
- (f) Capital cost
- (g) Scope of management accounting
- (h) Problems of the budgeting system

SECTION – B

UNIT – I

2. Explain 'Depreciation Accounting is a process of allocation and not valuation'. Elaborate depreciation accounting straight line and diminishing value methods with suitable examples.
3. Following are the closing balances in the ledger of M/S Dhall International Ltd for the year ended March 31, 2018 : <http://haryanapapers.com>

Debit Balances	Rs.	Credit Balances	Rs.
Opening Stock	12,600	Capital	60,000
Purchases	45,000	Sales	1,00,000

12005- (P-7)(Q-9)(18) (2)

From the above statement, you are required to calculate the following ratios and state the purpose they serve :

- (a) Current ratio
 - (b) Liquid ratio
 - (c) Operating ratio
 - (d) Stock turnover ratio
 - (e) Return on total resources
 - (f) Turnover of fixed assets.
5. Write down the important provisions related to preparation of cash flow statement stipulated by Accounting Standard (AS) -3.

UNIT – III

6. Cost may be classified in a variety of ways according to their nature and information needs of the management. Explain.

12005-2,350-(P-7)(Q-9)(18) (6)

7. What is meant by 'Economic order Quantity' ? What are the various costs which affect economic order quantity ?

UNIT – IV

8. Define "budget" and budgetary control. Discuss the objectives and limitations of budgetary control in an organization?
9. Current sales are 20,000 units per annum. Selling price is Rs. 12 per unit. Prime cost is Rs. 6 per unit. Variable overheads are Rs. 2 per unit. Fixed cost is Rs. 60,000. Calculate (a) P/V Ratio (b) Break-even Point, and (c) Margin of safety.

12005-2,350-(P-7)(Q-9)(18) (7)

Sales Returns	500	Purchases Returns	1,000
Wages	7,500	Provision for Bad Debts	2,000
Carriage on Purchase	1,100	12% Bank Loan	20,000
Duty and Clearing Charges	800	Sundry Creditors	11,560
Salaries	5,200	Rent Received	3,000
Taxes and Insurance	1,700	Discount	1,440
Advertisement	2,800		
Drawings	5,000		
Bills Receivable	3,500		
Debtors	52,000		
Cash in Hand	1,500		
Building	28,000		
Furniture	10,000		
Machinery	15,000		
Printing and Stationary	4,400		
Interest on Bank loan	2,400		
	1,99,000		1,99,000

12005-2,350-(P-7)(Q-9)(18) (3)

P. T. O.

Prepare Trading and Profit and Loss Account for the year ended March 31, 2018 and Balance Sheet as on that date after taking into account the following information :

- The stock on March 31, 2018 was valued at Rs. 26,800.
- The proprietor had taken away goods worth Rs. 3,000 for personal use. This has not been recorded in books.
- Depreciate Machinery at 20%.
- Provision for Bad Debts required is Rs. 1,500.
- Provide for Manager's Commission at 10% on the net profit after charging such commission.

UNIT – II

4. The following are the summarized profit and loss account of Sham Ltd. for the year ended on 31-03-2018 and the balance sheet as on that date :

To Opening Stock	99,500	By Sales	8,50,000
To Purchase	5,45,250	By Closing Stock	1,49,000

12005-2,350-(P-7)(Q-9)(18) (4)

To Incidental expenses	14,250		
To Gross Profit	3,40,000		
	<u>9,99,000</u>		<u>9,99,000</u>
To Operating expenses :			
Selling & Distribution expenses	30,000	By Gross Profit	3,40,000
Administrative expenses	1,50,000	By commission received	3,000
Finance expenses	15,000	By profit on sale of shares	6,000
To non-operating expenses :			
Loss on sale of assets	4,000		
To net profit	<u>1,50,000</u>		
	<u>3,49,000</u>		<u>3,49,000</u>

Balance Sheet as on 31-03-2018

Liabilities	Amount Rs.	Assets	Amount Rs.
Issued Capital :		Land & Building	1,50,000
2,000 equity shares of Rs. 100 each	2,00,000	Plant & Machinery	80,000
Reserves	90,000	Stock	1,49,000
Current liabilities	1,30,000	Sundry Debtors	71,000
P & L A/c	60,000	Cash and Bank	30,000
	<u>4,80,000</u>		<u>4,80,000</u>

12005-2,350-(P-7)(Q-9)(18) (5) P. T. O.