

First Semester M.B.A Degree Examinations

December 2015/January 2016

(Directorate of Distance Education)

(New Scheme/ Old Scheme)

(Before 2012 Batch)

PAPER – MBA DP 120: ACCOUNTING FOR MANAGERS

Time: 3hrs.]

[Max. Marks: 75/80

SECTION – A

Answer the following, each question carries TWO marks:

5 x 2 = 10 Marks

1. a) Define Financial Accounting.
- b) What do you mean by Depreciation?
- c) What is Cash flow statement?
- d) Define Fund flow statement.
- e) What do you mean by process costing?

SECTION – B

Answer any FIVE of the following, each question carries SIX marks:

5 x 6 = 30 Marks

2. What do you mean by 'Final Accounts'? Explain briefly their nature & objectives.
3. Briefly describe the form and importance of journal. When and how compound entries are journalized.
4. What is breakeven point? Explain the different approaches to the computation of breakeven point.
5. Record the following transactions in a two column cash book (discount & cash columns).

2004 Feb.01.	Commenced business with cash ₹ 10,000
06.	Received a cheque for ₹5,000 for goods sold
07.	Issued a cheque for ₹500 for furniture purchased
08.	Purchased goods for ₹3,000 and paid by cheque
10.	Paid into Bank of India ₹5,000
15.	Paid wages in cash ₹ 200
18.	Drew a cheque for personal use ₹400
25.	Drew for office use ₹ 250
27.	Paid electric charges in cash ₹15
28.	Paid salaries by cheque ₹ 1,000

Contd.....2

6. Normal waste of material in a production process is 6% of input. During a particular year, 10,000 Kgs of material was introduced to the production process and obtained 9,000 Kgs of output. Cost per Kg of Material is ₹10 and the entire quantity of waste is on stock at the end of the accounting year. Discuss the accounting treatment of waste while determining the cost of the accounting year.

Discuss the accounting treatment of waste while determining the cost of inventory

7. a) Gross profit ratio of a firm is 25%. Gross profit is ₹1,00,000. Calculate the sales.
b) Average stock of a firm is ₹50,000. Its opening stock is ₹10,000 less than its closing stock. Find out the opening stock and closing stock.

SECTION – C

(10 + 10 + 15 = 35)

Answer the following question. Question No.8 and 9 carries TEN marks each.

Question No.10 carries FIFTEEN marks:

8. a) What are the important limitations of conventional Financial Accounting? Explain clearly how these limitations can be overcome by introducing cost Accounting in Business undertakings?

OR

- b) Prepare a statement of changes in working capital from the following Balance Sheet of Sri Vardhaman & Company Ltd.

Liabilities	1998	1999	Assets	1998	1999
Equity share capital	10,00,000	10,00,000	Fixed Assets	12,00,000	14,00,000
Debentures	7,40,000	9,00,000	Long term Investment	4,00,000	2,00,000
Tax payable	1,54,000	86,000	Work in Progress	1,60,000	1,80,000
Accounts payable	1,92,000	3,84,000	Stock in trade	3,00,000	4,50,000
Interest Payable	74,000	90,000	Accounts Receivable	1,40,000	2,80,000
Dividend payable	1,00,000	70,000	Cash	60,000	20,000
	22,60,000	25,30,000		22,60,000	25,30,000

9. a) Marginal costing is a valuable tool to the managerial personnel. "Elucidate"

OR

- b) Prepare a production Budget for each month and a summarized Production Cost Budget for the six months period ending December 31, 2005 from the following data of product x.

- a) The units to be sold for different months are as follows:

2005 July:	1,100	November:	2,500
August:	1,100	December:	2,300
September:	1,700	2006 January:	2,000
October:	1,900		

Contd.....3

- b) There will be no work in progress at the end of any month.
- c) Finished units equal to half the sales for the next month will be in stock at the end of each month (including June 2005).
- d) Budgeted production and production cost for the year ending December 31, 2005 are as follows production (units): 22,000; Direct Materials per unit: 10,000; Direct wages per unit: ₹400 and Total Factory overhead apportioned to product: ₹88,000.

10. Mr. A maintains his accounts on mercantile basis. The following trial balance has been prepared from his books as at March 31, 2007. Prepare Trading, and profit and Loss Account for the year ended March 31, 2007 and Balance Sheet as on the date after Making necessary adjustments.

Particulars	Amount	
	Debit	Credit
Capital		2,50,000
Drawings	45,000	
Mortgage Loan		75,000
Sundry Debtors & Creditors	2,00,000	1,25,000
Motor vehicles	50,000	-
Land	60,000	-
Buildings	1,20,000	-
Cash at bank	10,000	-
Bills Receivable & Payable	30,000	20,000
Rent Received		1,200
General Expenses	6,000	-
Discount		2,400
Advertising and Sales promotion	14,000	-
Rent & Insurance	18,000	-
Salaries & Wages	45,000	-
Carriage inwards	4,000	-
Carriage outwards	6,000	-
Purchases & Sales	3,50,000	5,75,000
Purchases & Sales Returns	47,800	12,200
Bad debts	2,500	-
Provisions for bad debts		5,000
Stock on April 1, 2006	50,000	-
Interest on loan	7,500	-

Adjustments:

- a) Provide depreciation at 2.5% on building & at 10% on motor vehicles.
- b) Stock in hand on March 31, 2007 was valued at ₹30,000.
- c) Prepaid insurance ₹1,200 and outstanding salaries ₹5,600
- d) Maintain provision for bad debts at 4% on Sundry debtors.

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SECTION – D
(Compulsory for New Scheme Students)

Answer the following question, which carries FIVE marks:

1 x 5 = 05 Marks

11. a) Write a note on a) P/V Ratio b) Margin of safety

OR

b) Define Budget and distinguish it from Budgetary control.

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