



I Semester M.B.A. (Day) Degree Examination, Feb./March 2013
(2007-08 Scheme)
MANAGEMENT

Paper – 1.2 : Accounting for Managers

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following. **Each** question carries **2** marks : **(6×2=12)**
- a) What is going concern concept ?
 - b) Mention the components of current assets.
 - c) What is GAAP ?
 - d) What is Straight Line method of depreciation ?
 - e) What are intangible assets ?
 - f) What is due point analysis ?
 - g) What is life cycle costing ?
 - h) State the need of profit planning.

SECTION – B

Answer **any three** of the following. **Each** question carries **8** marks : **(3×8=24)**

- 2. Explain the role of accounting in corporate governance.
- 3. Write short notes on the following :
 - a) Trading account
 - b) Valuation of inventory.
- 4. Discuss the applications of marginal costing in decision making.

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5. A company prepares flexible budget on the basis of the following information for the year 2011-12.

Particulars	Amount in Rupees (2010-11)
Direct materials	60,000
Direct labour	40,000
Direct expenses	20,000
Machine expenses	10,000
Motive power	10,000
Factory overhead (80% fixed)	8,000
Office overhead (60% fixed)	12,000
Selling overhead (50% fixed)	4,000
Sales (Selling price being Rs. 200 per unit)	2,00,000

During the year all the units produced were sold and the factory was working at 60% capacity. The flexible budget is to be prepared with the capacity of 75% and the price of Direct Materials will increase by 20% and the wages will increase by 10%.

6. From the following Profit and Loss Account, you are required to compute cash from operations.

Profit and Loss Account for the year ending 31st December 2011

	₹		₹
To Salaries	5,000	By Gross Profit	25,000
To Rent	1,000	By Profit on sale of land	5,000
To Depreciation	2,000	By Income-tax refund	3,000
To Loss on sale of Plant	1,000		
To Goodwill written off	4,000		
To Proposed dividends	5,000		
To Provision for taxation	5,000		
To Net Profit	10,000		
	33,000		33,000



SECTION – C

Answer **any two** of the following. **Each** question carries **12** marks : **(2×12=24)**

7. What is standard costing ? Explain the process of setting standards.
8. From the following Trail Balance, you are required to prepare Final Accounts.

Particulars	Dr.	Cr.
	₹	₹
Capital		20,000
Sundry debtors	5,400	
Drawings	1,800	
Machinery	7,000	
Sundry creditors		2,800
Wages	10,000	
Purchases	19,000	
Opening stock	4,000	
Bank balance	3,000	
Carriage charges	300	
Salaries	400	
Rent and taxes	900	
Sales		29,000
	51,800	51,800

Additional Information :

- Closing Stock ₹ 1,200
 - Outstanding rent and taxes ₹ 100
 - Charge depreciation on machinery at 10%
 - Wages prepaid ₹ 400.
9. With the help of the following ratios regarding XYZ Co, draw the Balance Sheet of the company for the year 2011.

Current ratio	2.5
Liquidity ratio	1.5
Networking capital	₹ 3,00,000



Stock Turnover Ratio (cost of sales/closing stock)	6 times
Gross Profit Ratio	20 percent
Fixed Assets Turnover Ratio (on cost of sales)	2 times
Debt Collection Period	2 months
Fixed assets to shareholders net worth	0.80
Reserve and surplus to capital.	0.50

SECTION – D

Case Study. **Compulsory :****(1×15=15)**

From the following Comparative Balance Sheets of Shri Ram Ltd. as on March 31, 2002 and March 31, 2003 you are required to prepare :

- 1) A statement of changes in working capital
- 2) Funds flow statement.

Liabilities	2002	2003	Assets	2002	2003
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve fund	28,000	36,000	Buildings	80,000	72,000
P&L A/c	39,000	24,000	Machinery	74,000	72,000
Trade creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	3,11,200	3,11,600		3,11,200	3,11,600

Additional information :

- a) Depreciation charged on machinery was Rs. 8,000 and on building Rs. 8,000
- b) Interim dividend paid in January 2003 was Rs. 15,000
- c) Provision of Rs. 10,000 was made for taxation during the year ending 31st March 2003.
- d) A machine with written down value of Rs. 5,000 was sold for Rs. 3,000 during the current year.