



I Semester M.B.A. (Day) Examination, March 2011  
(2007-2008 Scheme)  
MANAGEMENT  
Paper – 1.2 : Accounting for Managers

Time : 3 Hours

Max. Marks : 75

## SECTION – A

Answer **any six** of the following. **Each** sub-question carries **two** marks. (6×2=12)

1. a) What do you understand by “Generally Accepted Accounting Principles” ?
- b) What is a cash flow statement ? Give a specimen as per As(3) Revised.
- c) What are the different methods of depreciation ?
- d) What is Du-Pont control chart ?
- e) What do you mean by Activity Based Costing ?
- f) What do you mean by Variance Analysis ?
- g) What is an Accounting Standard ?
- h) Distinguish between Absorption Costing and Marginal Costing.

## SECTION – B

Answer **any three** questions. **Each** question carries **8** marks. (3×8=24)

2. Briefly explain various components of corporate financial statements.
3. Discuss the differences between Standard Costing and Budgetary Control.
4. The company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs. 10,000 and earned Rs. 10,000 as profit respectively. Calculate :
  - a) The amount of fixed expenses
  - b) The number of units to break-even
  - c) The number of units to earn a profit of Rs. 40,000The selling price per unit can be assumed as Rs. 100/-



5. From the following information, make out a statement of Proprietors Fund with as many details as possible.

- a) Current Ratio – 2.5,
- b) Liquid Ratio – 1.5
- c) Proprietary Ratio (Fixed Assets : Proprietor's Funds) – 0.75
- d) Working capital – Rs. 60,000
- e) Reserves and surplus – Rs. 40,000
- f) Bank overdraft – Rs. 10,000

There is no long-term loan or fictitious assets.

6. XYZ Ltd. manufactures Product M. from every tonne of raw materials consumed it is estimated that 2,000 articles will be produced. The standard price of the material is Rs. 120/- per tonne. During March 2010, 190 tonnes of materials were issued to production. The actual price of which was Rs. 118.50 per tonne. Production during the month was 38,640 articles.

Calculate Material Variances.

### SECTION - C

Answer **any two** questions. **Each** question carries **12** marks.

(2×12=24)

7. Discuss the practical applications of marginal costing.

8. The summarised Balance Sheets of NVs Shanti Products for the years ended 31-3-2005 and 31-3-2006 are given below : (Rs. '000)

Capital and Liabilities	31-3-2005	31-3-2006	Assets	31-3-2005	31-3-2006
Share Capital	500	500	Land and buildings	180	200
General reserve	200	220	Plant and machinery	210	276
Profit and Loss Account	40	32	Other fixed assets	30	45
Bank loan (long-term)	–	100	Investments	50	50
Creditors	158	172	Stock	200	190
Provision for taxation	45	30	Debtors	170	195
			Cash at bank	103	98
	<b>943</b>	<b>1,054</b>		<b>943</b>	<b>1,054</b>



Prepare a statement of sources and application of funds given the following additional information relating to the year ended 31-3-2006.

- a) Dividend amounting to Rs. 30,000 was paid during the year.
  - b) Provision for taxation made Rs. 12,000.
  - c) Machinery worth Rs. 15,000 (book value) was sold at a loss of Rs. 3,000.
  - d) Investment costing Rs. 10,000 was sold for Rs. 12,000.
  - e) Depreciation provided on assets: Land and buildings Rs. 5,000, Plant and machinery Rs. 20,000.
9. On 1<sup>st</sup> Jan. 2006, machinery was purchased for Rs. 80,000 on 1-1-2007, additions costing Rs. 40,000 was made on 31-3-2008, machinery costing Rs. 12,000 purchase on 1-1-2007 was sold for Rs. 11,000 and on 30-6-2008, machinery purchased on Jan. 1, 2006 costing Rs. 32,000 was sold for Rs. 26,700. On 1-10-2008, additions costing Rs. 20,000 were made to the machinery.

Depreciation was provided @ 10% p.a. on diminishing balance method. Show machinery account for 3 years.

**SECTION – D (Compulsory)**

10. From the following trial balance of Mr. Reghu Ram prepare a Trading and P & LA/c and a Balance Sheet as on 31<sup>st</sup> March 2010. (1×15=15)

Particulars	Debit (Rs.)	Credit (Rs.)
Purchases and sales	15,000	32,100
Debtors	20,000	
Interest earned		400
Salaries	3,000	
Returns	1,000	500
Wages	2,000	
Rent	1,500	



Bad debts written off	700	
Capital		12,000
Creditors		10,000
Provision for bad debts		600
Drawings	2,400	
Printing and stationery	800	
Insurance	1,200	
Opening stock	5,000	
Office furniture	3,200	
Accumulated depreciation		200
	<b>55,800</b>	<b>55,800</b>

**Adjustments :**

- Depreciate office furniture by 10%.
- Make a provision for doubtful debts @ 5% on debtors.
- Closing stock is valued at Rs. 6,000/-
- Stock worth Rs. 600/- was taken for personal use.
- Outstanding salaries Rs. 300/-
- Prepaid Insurance Rs. 200/-