



I Semester M.B.A. (Day) Degree Examination, February 2012  
(2007-08 Scheme)  
MANAGEMENT

Paper – 1.2 : Accounting for Managers

Time : 3 Hours

Max. Marks : 75

SECTION – A

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

1. a) Define corporate governance.
- b) What do you mean by Journal Proper ?
- c) Define cost.
- d) What is meant by target costing ?
- e) Mention the benefits of double entry system.
- f) Which company employed Du-Point analysis for the first time ?
- g) When does flow of fund occur ?
- h) Define life cycle costing.

SECTION – B

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

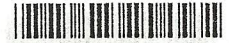
2. For the following data, find out the value of inventory under LIFO method :

Beginning inventory	60 units @	Rs. 10 =	600
Purchase	100 units @	Rs. 11 =	1,100
	100 units @	Rs. 13 =	1,300
	40 units @	Rs. 15 =	600
Total	<b>300 units</b>	<b>Rs.</b>	<b>3,600</b>
Unit sold	<u>220</u>	?	
Units in inventory	80	?	

3. Show the accounting equation on the basis of the following transactions :

- i) I started business with cash Rs. 1,00,000
- ii) Purchased goods on credit from Mohan – Rs. 40,000
- iii) Sold goods for cash Rs. 26,000 (Cost Rs. 22,000)

P.T.O.



4. How do you measure business income ?
5. What are the limitations trend analysis ?
6. Distinguish between value added and non-value added activity.

## SECTION – C

Answer **any two** of the following. **Each** question carries **12** marks.

**(2×12=24)**

7. SV Ltd., a multi product company, furnishes you the following data relating to the year 2010 :

Particulars	First half of the year	Second half of the year
Sales	Rs. 45,000	Rs. 50,000
Total cost	Rs. 40,000	Rs. 43,000

Assuming that there is no change in prices and variable costs and that the fixed expenses are incurred equally in the two half year periods, calculate for the year. Calculate :

- a) PV ratio
  - b) Fixed expenses
  - c) Break even sales
  - d) Margin of safety.
8. The following are the ratios relating to the activities of National Traders Ltd. :
- |                    |          |
|--------------------|----------|
| Debtors velocity   | 3 months |
| Stock velocity     | 8 months |
| Creditors velocity | 2 months |
| Gross profit ratio | 25%      |

Gross profit for the current year ended 31<sup>st</sup> December amounted to Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivables amount to Rs. 25,000 and bills payable to Rs. 10,000. Find out :

- a) Sales
  - b) Sundry debtors
  - c) Closing stock
  - d) Sundry creditors.
9. Elucidate the managerial uses of funds flow statement.



## SECTION – D

10. From the following information drawn from the books of M/s Sundaram & Co., prepare Trading, Profit and Loss account for the year ended 31<sup>st</sup> March, 2010 and Balance Sheet as on date : (1×15=15)

Particulars	Debit (Rs.)	Credit (Rs.)
Sundaram's capital		1,81,000
Sundaram's drawings	36,000	
Plant and machinery balance on 1 <sup>st</sup> April, 2009	1,20,000	
Plant and machinery additions on 1 <sup>st</sup> October, 2009	25,000	
Stock opening	95,000	
Purchases	7,82,000	
Return Inwards	12,000	
Sundry debtors	20,600	
Furniture and fixture	15,000	
Freight duty	2,000	
Rent, rate and taxes	24,600	
Printing and stationery	3,800	
Trade expenses	5,400	
Sundry creditors		40,000
Sales		9,80,000
Return outwards		3,000
Postage and telegram	800	
Provision for bad debts		400
Discounts		1,800
Rent of the premises sub-let for the year upto 30 <sup>th</sup> September 2010		7,200
Insurance charge	2,700	



Salaries and wages	31,300	
Cash in hand	6,200	
Cash at bank	30,500	
Carriage outwards	500	
<b>Total</b>	<b>12,13,400</b>	<b>12,13,400</b>

**Additional information :**

- 1) Stock on 31<sup>st</sup> March, 2010 Rs. 94,600
- 2) Write off Rs. 600 as bad debts.
- 3) Provision for doubtful debts 5% on debtors
- 4) Create a provision for discount on debtors and reserve for creditors 2%
- 5) Provide a depreciation on furniture and fixture at 5% per @ .
- 6) Plant and machinery depreciation 20%
- 7) Insurance unexpired Rs. 100
- 8) A fire occurred on 25<sup>th</sup> March 2010 in the godown and stock of value of Rs. 5,000 was destroyed, which the insurance company admitted the claim fully which is yet to be paid.