

FACULTY OF MANAGEMENT

M.B.A. (CBCS) I – Semester Examination, February 2017

Subject: Accounting for Management

Paper Code – MB – 102

Time: 3 Hours

Max.Marks: 80

Note: Answer all the questions from Part-A and Part-B.

Each question carries 4 marks in Part-A and 12 marks in Part-B.

PART – A (5x4 = 20 Marks)

[Short Answer Type]

- 1 What is Double Entry Accounting System?
- 2 What do you mean by revenue expenditure?
- 3 Explain about liquidity ratios.
- 4 What is Tax Planning?
- 5 Managerial uses of break-even concept.

PART – B (5x12 = 60 Marks)

[Essay Answer Type]

- 6 a) Define accounting and explain its nature and scope.
OR
- b) Prepare journal and post them into ledger.

			Rs.
2015	Jan. 1	James started business with cash	5,000
		Furniture	2,000
		Machinery	3,000
		Loan taken from his uncle	5,000
	Jan. 3	Goods purchased from Sundaram & Co.	1,000
	Jan. 4	Sold goods to Rama Rao	5,000
	Jan. 31	Rama Rao became insolvent and hence received only 5% of debt from his property. Remaining amount is taken as bad debt.	

- 7 a) Explain the provisions of the Indian Companies Act regarding preparation and presentation of financial statements.

OR

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- b) From the following balance's prepare Trading and Profit and Loss Account and Balance Sheet as on 31st December, 2014.

	Rs.	Rs.
Capital L	--	10,000
Machinery A	3,500	--
Debtors A	2,700	--
Drawings L	900	--
Creditors L	--	1,400
Purchases T	9,500	--
Wages T	5,000	--
Bank A	1,500	--
Opening stock (1-1-2014) T	2,000	--
Rent P	450	--
Sales T	--	14,500
Sundry expenses P	200	--
Carriage T	150	--
Total	25,900	25,900

Adjustments:

- i) Closing stock as on 31-12-2014 Rs. 3600.
- ii) Wages outstanding Rs. 200, Sundry expenses outstanding Rs. 100.
- iii) Rent prepaid Rs. 100.

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- 8 a) What do you mean by Ratio Analysis? Explain the importance of Ratio Analysis.
OR

- b) From the data given below compute:

- i) Working capital 8000
- ii) Net capital employed 48000
- iii) Current Ratio 5
- iv) Acid test ratio 3.75
- v) Debt-equity ratio 0.35

A,C. Ltd. Balance Sheet as at 31-12-2014

Equities		Rs.	Assets		Rs.
Equity Share Capital	25,000		Fixed Assets		30,000
Pref.Share Capital	5,000		Stores	2,000	
Reserve & Surplus	4,000		Stock in trade	4,000	
Debentures	8,000		S/Drs	1,000	
Bank loan	4,000		Cash in hand	500	
Sundry Creditors	1,000		Balance with Scheduled Bank	2,500	10,000
Proposed dividends	1,000		Preliminary expenses		8,000
Provision for taxation	2,000		Brokerage on subscription of shares		2,000
contingent liabilities (2,000)					
	50,000				50,000

Comment on financial health of the company.

9 a) Explain the various utilities of the cash flow statement analysis.

OR

b) From the following summary cash account of Y Ltd., prepare cash flow statement for the current year ended March 31 in accordance with AS-3 using the direct method. The company does not have any cash equivalents.

Summary Cash Account for the current year ended March 31.

	Rs.		Rs.	
Opening Balance	50,000	Payment to suppliers	20,00,000	(OA)
(FA) Issue of equity shares	3,00,000	Purchase of fixed assets	2,00,000	(IA)
(OA) Receipts from customers	28,00,000	Overhead expenses	2,00,000	(OA)
(IA) Sale of fixed assets	1,00,000	Wages and salaries	1,00,000	(OA)
		Taxation	2,50,000	(OA)
		Dividend	50,000	(FA)
		Repayment of bank loan	3,00,000	(FA)
		Closing Balance	1,50,000	
	32,50,000		32,50,000	

10 a) Direct materials per unit Rs. 180

Direct labour per unit Rs. 100

Variable factory overhead per unit Rs. 20

Total fixed factory overheads Rs. 15,000

Selling price per unit is Rs. 500

Variable selling expense is Rs. 20 per unit and

Fixed selling and administrative expenses are Rs. 30,000.

Required:

i) Calculate the total variable cost per unit

ii) Calculate the total fixed expense for the year

iii) Calculate the margin of safety.

OR

b) From the following particulars, calculate BEP.

	Rs.
Sales	2,00,000
Variable cost	1,20,000
Fixed cost	30,000

Also, calculate

a) New BEP, if selling price is reduced by 10%

b) New BEP, if variable cost is increased by 10%

c) New BEP, if fixed cost is increased by 10%.

80000
0.375
0.5
0.44
0.4125
