January 2015

Master of Business Administration (MBA) Examination

I Semester

Accounting for Managers

Time : 3 Hours] [Max. Marks : 80

Note : Attempt any two questions from Section A. Each question, of Section A carries 10 marks. Attempt any three questions from Section B. Each question of Section'B carries 20 marks.

Section A

1. What do you mean by Accounting Concept ? Explain different Accounting Concept.
2. What do you mean by Trial Balance? Explain the objectives of preparing Trial Balance. Do you agree that "Tallying of Trial Balance ensures the accuracy of accounting" ?
3. Write short notes on any two of the following :
   (a) Petty Cash Book.
   (b) Cost Control and Cost Reduction.
   (c) Relationship of Management, Accounting with Financial Accounting and Cost Accounting.
4. "So many Managerial Decisions are taken on the basis of Accounting Information." Explain the statement and elaborate the different Managerial Decision criteria which are based on Accounting Information.

Section B

5. A company, which closes its books every year on 31st December, purchased on 1st January, 2001 certain machinery for Rs. 60,000 Additional machinery was purchased on 1st October, 2002 for Rs. 20,000 and on 1st July, 2003 for Rs. 10,000. Out of machinery which was purchased on 1st January, 2001 the company sold 1/3rd part on 1st April, 2003 for Rs. 6,000. Calculate depreciation at 10% per annum by Reducing Balance Method and prepare Machinery Account from year 2001 to 2003.
6. From the following Trial Balance of Mr. Y, prepare Trading and Profit and Loss Account for the year ended 31st March, 2012 and Balance Sheet as on that date :

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Particulars	**Amount (Rs.)**	**Amount (Rs.)**
Capital	-	2,70,000
Drawings	42,600	-
Furniture	57,000	-
Stock	87,600	-
Purchase and Sales	6,21,720	7,14,360
Returns	12,600	17,460
Salaries	26,400	
Rent	7,200	
Rates and Taxes	15,000	
Bank Overdraft	-	19,500
Bad Debts	10,320	-
Sundry Debtors	1,92,000	
Cash in Hand	2,880	
Sundry Creditors	-	60,000
Provision for Bad Debts	-	6,000
Bills Receivable	14,400	
Bills Payable	-	10,800
Discount	-	3,600
Land	12,000	-
	11,01,720	11,01,720

Consider the following adjustments :

(1) Stock on 31st March, 2012 was valued at Rs. 2,10,000.
(2) Provide for doubtful debts at 5% on Sundry Debtors.
(3) Rent due for payment was Rs. 2,000.
(4) Taxes paid in advance Rs. 5,000.
(5) Depreciate furniture at 10%.
(6) Provide for provision for discount on debtors @ 5% and discount on creditors @ 2.5%.

7. From the following transactions prepare a Three Column Cash Book and balance it :

2012

March 1	Cash in Hand Rs. 1,327, Bank Overdraft Rs. 75.
March 2	Deposited into Bank Rs. 250.
March 5	Received from Mr. Jaikishan Rs. 88 and allowed discount Rs. 2.
March 6	Goods purchased in cash Rs. 1,120.
March 8	Paid Ramlal by cheque Rs. 47 and received discount Rs. 3.
March 11	Cash Sales Rs. 75.
March 17	Withdrawn from Bank Rs. 45.
March 19	Received a cheque from Roshan Rs. 75.
March 21	Paid to Dipesh by cheque Rs. 80 and discount availed Rs. 5,
March 25	Received a cheque from Monica Rs. 63 and allowed discount Rs. 2.

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March 27	Deposited Roshan's cheque in the bank.
March 29	Sent to the bank Rs. 160 including Monica's cheque.
March 31	Paid wages by cheque Rs. 15.
March 31	Paid postage in cash Rs. 30.
March 31	Withdrawn from Bank Rs. 50.

8. Moon Industries produces a forged product "Moonbeam" after it passes through three distinct processes. The following information is obtained from the Cost Accounts for the month ending 31st December, 2012.

Items	**Total** Rs.	**Processes** I Rs.	II Rs.	III Rs.
Direct Materials	7,542	2,600	1,980	2,962
Direct Wages	9,000	2,000	3,000	4,000
Production Overheads	9,000			

1000 units at Rs. 3 each were introduced in Process I. There was no stock of materials, work-in-progress and finished goods at the beginning or at the end of the period. The output of each process passes direct to the next process and finally to finished stock. Production overheads are recovered at 100 percent of Direct Wages. The following additional data are obtained :.

Process	**Output in units**	**% of Normal Loss to inputs**	**Value of Scrap per unit**
Process I	950	5%	Rs. 2
Process II	840	10%	Rs. 4
Process III	750	15%	Rs. 5

Prepare Process Cost Accounts and Abnormal Wastage Account.

9. There are two plants under the same management. The management wishes to merge these two plants and to run them as one integrated plant. The details are as follow :

Particulars	**Plant I**	**Plant II**
Capacity in Operation	60%	100%
Sales (Rs.)	1,20,000	3,00,000
Variable Cost (Rs.)	90,000	2,20,000
Fixed Cost (Rs.)	25,000	40,000

You are required to state :

(a) What would be the capacity of merged plant to be operated for Break-Even?

(b) What would be the profitability on working at 75% of the integrated capacity?

(c) What turnover would give an overall. Profit of Rs. 90,000?

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