

**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**

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

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

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.
- 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
  - ii) Net capital employed
  - iii) Current Ratio
  - iv) Acid test ratio
  - v) Debt-equity ratio

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
Proposed dividends	1,000	Preliminary expenses	8,000
Provision for taxation contingent liabilities (2,000)	2,000	Brokerage on subscription of shares	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
Issue of equity shares	3,00,000	Purchase of fixed assets	2,00,000
Receipts from customers	28,00,000	Overhead expenses	2,00,000
Sale of fixed assets	1,00,000	Wages and salaries	1,00,000
		Taxation	2,50,000
		Dividend	50,000
		Repayment of bank loan	3,00,000
		Closing Balance	1,50,000
	<b>32,50,000</b>		<b>32,50,000</b>

- 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:

- Calculate the total variable cost per unit
- Calculate the total fixed expense for the year
- 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

- New BEP, if selling price is reduced by 10%
- New BEP, if variable cost is increased by 10%
- New BEP, if fixed cost is increased by 10%.

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