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Total No. of Pages : 04

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MBA / MBA (IB) (Sem.–1st)

ACCOUNTING FOR MANAGEMENT

Subject Code : MB-103 (2009 to 2011)

Paper ID : [C0166]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students has to attempt any FOUR questions.

SECTION-A

1. Write short notes on :

- a. Accounting cycle
- b. Accounting information system
- c. Debt equity ratio
- d. Acid test ratio
- e. Working capital
- f. Target costing
- g. Classification of cost
- h. Business entity concept
- i. Principle of conservatism
- j. Absorption costing and marginal costing

SECTION-B

2. Discuss the concept of human resource accounting. Explain its importance in present context.

3. "Management accounting aims at providing financial results of the business to the management for taking decisions". Explain by bringing out advantages of management accounting.
4. "Analysis without interpretation is meaningless and interpretation without analysis is impossible". Discuss.
5. (a) The format of Trading, Profit and loss account is given as under; fill in the blanks and complete these accounts with the help of given ratios. (5)

TRADING, PROFIT & LOSS ACCOUNT

For the year ending March 31, 2010

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost of goods sold	2,70,000	By sales	—
To Gross Profit c/d	—		—
	—		—
To Operating expenses	—	By Gross profit b/d	—
To Non Operating expenses	10,000		
To Net Profit			
	—		—

Accounting ratios :

- i. Gross profit to cost of goods sold : 33.33 %
- ii. Net profit to sales : 12%

(b) Explain the following terms and show their importance:

- i. Price Earning ratio
- ii. Debt service coverage ratio (5)

6. The expenses for budgeted production of 10000 units in a factory are furnished below :

	Per units (Rs.)
Materials	70
Labour	25
Variable overhead	20
Fixed overhead (Rs. 1,00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expenses (Rs. 50,000)	5
Total Cost per unit (to make and sell)	155

Prepare a budget for production of

(a) 8000 units

(b) 6000 units

(c) indicate cost per unit at both the levels.

(Assume that administration expenses are fixed for all levels of productions)

7. From the following trial balance of Mr. A, prepare trading and profit and loss account and a balance sheet for the year ending 31st March 2010.

Particulars	Debit Rs.	Credit Rs.
A's capital		90,000
A's drawings	6,480	
Land and building	25,000	
Plant and machinery	14,270	
Furniture and fixtures	1,250	
Carriage inwards	4,370	
Wages (manufacturing)	21,470	
Salaries	4,670	
Bad debt reserve (as on 1 st April 2009)		2,470
Sales		91,230
Sales returns	1,760	
Bank charges	40	

Coal, gas and water	720	
Rates and taxes	440	
Sales tax	400	
Discount account		190
Purchases	42,160	
Purchase returns		8,460
Bills receivable	1,270	
Trade expenses	1,990	
Sundry debtors	37,800	
Sundry creditors		12,100
Stock (1 st April 2009)	26,420	
Apprentice premium (paid by an apprentice in factory)		500
Fire insurance	490	
Cash at bank	13,000	
Cash in hand	850	
Bad debts	100	
Total	2,04,950	2,04,950

Adjustments to be made for the current period are :

- Charge depreciation on land and building at 2.5%, on plant and machinery at 10% and on furniture and fixtures at 10%.
- Bad debts Rs. 800. Make a reserve of 5% on the sundry debtors for bad debts.
- Carry forward the following unexpired amounts :

(Rs.)

- | | |
|-------------------------|-----|
| i. Fire insurance | 125 |
| ii. Rates and taxes | 240 |
| iii. Apprentice premium | 400 |

- Charge 5% interest on capital and on drawings.
- Create a provision for discount on creditors at 5%.
- The value of stock as on 31st March 2010 was Rs. 29,390.