# M.B.A. Semester-I Examination ACCOUNTING FOR MANAGERS <br> Paper-MBA/104 

Time : Three Hours]
[Maximum Marks : 70
Note :-(1) Attempt ALL questions.
(2) Figures to the right indicate marks.

## SECTION—A

1. (a) What is Financial Accounting ? Explain its scope and importance.

## OR

(b) State and explain the difference between GAAP and IFRS. Elucidate with suitable example.

## SECTION-B

2. (a) What is Ratio Analysis ? Discuss its limitations.
(b) $\mathrm{M} / \mathrm{s}$ Mishti Fnterprises presents the following income statement for 3 years:

| Particulars | Amount (Rs.) | Amount (Rs.) | Amount (Rs.) |
| :--- | :---: | :---: | :---: |
|  | $\mathbf{2 0 1 2 - 1 3}$ | $\mathbf{2 0 1 3 - 1 4}$ | $\mathbf{2 0 1 4 - 1 5}$ |
| Revenue from operation | 60,000 | $1,00,000$ | $1,20,000$ |
| Cost of Sale | 40,000 | 70,000 | 80,000 |
| Gross Profit | 20,000 | 30,000 | 40,000 |
| Selling Exp. | 6,000 | 7,000 | 9,000 |
| General \& Admn. Exp. | 4,000 | 4,000 | 4,000 |
| Total | 10,000 | 11,000 | 13,000 |
| Operating Income | 10,000 | 19,000 | 27,000 |

Calculate Net profit Ratio before tax and interest.

## OR

(c) "Ratio Analysis is a tool of management for measuring achievements in efficiency and guiding business policies." Discuss.
(d) Compute Stock Turnover Ratio from the following information :

Opening stock $=$ Rs. $2,00,000$
Purchase $=$ Rs. $15,00,000$
Closing stock $=$ Rs. $2,40,000$
Wages = Rs. 1,20,000
Carriage Inward $=$ Rs. 20,000
Sales = Rs. 21,00,000
Sales Return $=$ Rs. $1,00,000$.
3. (a) What is Inventory ? Explain various methods of valuation of inventory.
(b) Debit balance of a machinery A/c was Rs. 56,000 on 1st April, 2013. Depreciation was charged (a) $12 \%$ p.a. by Straight Line Method. This machine was purchased on $1^{\text {st }}$ October. 2010.

Prepare Machinery Account for the year 2013-14 and 2014-15.

## OR

(c) Define Depreciation. Why it is treated as revenue nature loss of the business ? 7
(d) From the following particulars, prepare a Store Ledger Account using the Weighted Average Price Method for the month of Janurary, 2018.
January, 2018 :
$3^{\text {rd }}$ Balance 80 units (o) Rs. 4 per unit.
$6^{\text {th }}$ Purchased 40 units (a) Rs. 3 per unit.
$11^{\text {th }}$ Issued 70 units.
$14^{\mathrm{th}}$ Issued 10 units.
$19^{\text {th }}$ Purchased 20 units (a) Rs. 5 per unit.
$22^{\mathrm{nd}}$ Issued 20 units.
$28^{\text {th }}$ Issued 10 units.
$31^{\text {st }}$ Purchased 40 units © Rs. 3 per unit. 7
SECTION-C
4. (a) What is Budgeting ? Explain the different types of budget.
(b) What is meant by Zero-Base Budgeting ? Discuss its advantages. 7

## OR

(c) Examine the role of Budgetary Control in the field of Planning, Co-ordination and Control.
(d) What do you mean by Flexible Budget? Discuss its importance. 7
SECTION-D
5. WONDER Itd. manufactures a single product, ZEST. The following figures relate to ZEST for a one-year period.

| Activity Level | $\mathbf{5 0 \%}$ | $\mathbf{1 0 0 \%}$ |
| :--- | :---: | :---: |
| Sales \& Production | $\mathbf{4 0 0}$ Units | $\mathbf{8 0 0}$ Units |
|  | Rs. Lakhs | Rs. Lakhs |
| Sales | 8.00 | 16.00 |
| Procuction Cost: | 3.20 |  |
| $\quad$ Variable | 1.60 | 6.40 |
| $\quad$ Fixed |  | 1.60 |
| Selling \& Admn. Cost: | 1.60 | 3.20 |
| $\quad$ Variable | 2.40 | 2.40 |

The normal level of activity for the year is 800 units. Fixed costs are incurred evenly throughout the year, and actual fixed costs are the same as budgeted. There were no stocks of ZEST at the beginning of the year.

In the first quarter, 220 units were produced and 160 units were sold. Calculate :-
(a) The profit using Absorption Costing.
(b) The profit using Marginal Costing.

