

AT-1400

M.B.A. (Semester—I) Examination
ACCOUNTING FOR MANAGERS
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) Discuss Generally Adopted Accounting Principles. Is there a need to have common GAAP at international level ? 14

OR

- (b) Explain with examples how Financial Accounting is different from Management Accounting and Cost Accounting ? 14

SECTION—B

2. (a) What are the different techniques of analyzing financial statements ? 7
- (b) Using the following details, prepare Balance Sheet of Kartikeya Ltd. :
- (i) Current ratio 2.75
 - (ii) Acid test ratio 2.25
 - (iii) Working capital Rs. 7,00,000
 - (iv) Reserves and Surplus Rs. 1,00,000
 - (v) Total Current Assets include stock, debtors and cash only which are in the ratio 2 : 6 : 3.
 - (vi) Total Current Liabilities included creditors and bills payable in the ratio 3 : 2
 - (vii) Fixed Assets are 50% of Share Capital.
 - (viii) The Share Capital is Rs. 12,00,000. 7

OR

- (c) What do you understand by the liquidity of a firm ? How can the liquidity of a firm be assessed ? 7

- (d) Calculate the trend % of below mentioned items from the following figures of X Ltd. taking 2004 as the base and interpret them :

(Rs. in lakhs)			
Year	Sales	Stock	Profit before tax
2004	1881	709	321
2005	2340	781	435
2006	2655	816	458
2007	3021	944	527
2008	3768	1154	672

3. (a) What are the types of inventory ? Explain the importance of maintaining optimum inventory. 7

- (b) A firm purchased on 1st April, 2012 certain machinery for Rs. 58,200 and spent Rs. 1,800 on its erection. On 1st September, 2012 additional machinery costing Rs. 20,000 was purchased. On 1st September, 2014, the machinery purchased on 1st April, 2012 having become obsolete was auctioned for Rs. 28,600 and on the same date fresh machinery was purchased at a cost of Rs. 40,000. Depreciation was provided annually on 31st March @ 10% on WDV. In 2015, however the firm changed this method of providing depreciation on the original cost of the machinery.

Give the Machinery Account as it would stand at the end of each year from 2012 to 2015. Along with the working notes of Profit. 7

OR

- (c) Explain the concept of Depreciation and state its objectives. 7
- (d) M/s Swadeshi Cotton Mill Ltd. takes a periodic inventory of their stock of chemical Y at the end of each month. The physical inventory taken on June 30th shows a balance of 1000 litres of chemical Y in hand @ Rs. 2.28 per litre. The following purchases were made during July :

July 1	14,000 litres @ Rs. 2.30 per litre
July 7	10,000 litres @ Rs. 2.32 per litre
July 9	20,000 litres @ Rs. 2.33 per litre
July 25	5,000 litres @ Rs. 2.35 per litre

A physical inventory on July 31st discloses that there is a stock of Rs. 10,000 litres.

You are required to compute the inventory value on July 31st by each of the following methods :

- (i) First in first out
- (ii) Last in first out. 7

SECTION—C

4. (a) Explain Performance Budgeting. 7
(b) Differentiate between fixed and flexible Budget. 7

OR

- (c) Define Budgetary Control System. Explain the essentials of Budgetary Control. 7
(d) What is Management Accounting ? Explain its importance. 7

SECTION—D

5. Following data is extracted from the books of ABC Industries for the year 2009 :

Opening stock of Raw Materials	50,000
Closing stock of Raw Materials	80,000
Purchase of Raw Materials	1,70,000
Carriage Inwards	10,000
Direct Wages	1,50,000
Indirect Wages	20,000
Other direct charges	30,000
Rent and Rates (Factory)	10,000
Rent and Taxes (Office)	1,000
Indirect Materials	1,000
Depreciation of Plant	3,000
Depreciation of Office Furniture	200
Office Salaries	5,000
Salesman Salary	4,000
Other Office Expenses	1,800
Other Factory Expenses	11,400
Managing Director's Remuneration	24,000
Other Selling Expenses	2,000
Travelling Expenses	2,200
Carriage Outwards	2,000
Sales	5,00,000
Advance Income Tax Paid	30,000
Advertisement	4,000

Managing Director's Remuneration is to be allocated as Rs. 8,000 to the Factory, Rs. 4,000 to the Office and Rs. 12,000 to Selling and Distribution Dept.

From the above prepare a Cost Sheet. 14

