

**M.B.A Semester-I Examination**  
**ACCOUNTING FOR MANAGERS**  
**MBA/104**

Time : Three Hours]

[Maximum Marks : 70

**Note :—** (1) Attempt all questions.

(2) Figures to the right indicate marks.

**SECTION-A**

1. (a) "Every Business Transaction must have a Dual Aspect". Explain this statement with the help of example. Also explain the importance and scope of Double entry system of Accounting. 14

**OR**

- (b) Explain the accounting conventions, how are they different from accounting concepts ? 14

**SECTION-B**

2. (a) Is depreciation a Source of Fund ? Explain with example. 7  
(b) Following are receipts and issues of material during March 2015 (Qty in Units).

**March**

1. Opening Balance 1000 @ Rs. 50 per unit.
2. Issue 150
4. Issue 250
6. Issue 200
14. Received from Vendor 400 @ Rs. 48 p.u.
15. Refund of surplus from work order 50 units @ Rs. 48 p.u.
16. Issue 350 units
20. Received from vendor 450 @ Rs. 52 p.u.
24. Issue 600 units
25. Received from vendor 650 units @ Rs. 50 p.u.
26. Issue 525
30. Refund of surplus from a work order 25 units (issued on 2<sup>nd</sup> March)
31. Received from vendor 200 units @ Rs. 54 p.u.

From the above prepare Stores Ledger A/c on Simple Average Basis. 7

**OR**

- (c) Compare FIFO and LIFO methods and point out their merits and demerits. 7
- (d) A company purchased a Machinery on 1<sup>st</sup> April 2012 for Rs. 1,43,500 and paid installation charges Rs. 3000. Another Machine was purchased on 1<sup>st</sup> October 2012 for Rs. 50,000. On 30<sup>th</sup> June 2014, company sold the machinery which was purchased on 1<sup>st</sup> April 2012 for Rs. 1,24,000 and on the same day new machine was purchased for Rs. 1,50,000.

Company charged 7½% p.a. depreciation by Reducing Balance Method and closed the books on 31<sup>st</sup> March every year. Prepare Machinery Account for 3 yrs. 7

3. (a) Define Management Accounting. Explain how it differs from Financial Accounting and Cost Accounting. 7
- (b) From the following data forecast the Cash Position at the end of April, May and June 2016 :

Months	Sales	Purchases	Wages	Sundry Expenses
Feb 14	1,80,000	60,000	20,000	5,000
March 14	1,50,000	1,00,000	25,000	13,000
April 14	70,000	1,10,000	10,000	7,000
May 14	1,25,000	1,20,000	12,000	15,000
June 14	90,000	90,000	5,000	4,000

- (i) Sales - 10% realised in month of sales and remaining realised in next 2 subsequent months.
- (ii) Purchases - paid in following month of purchase.
- (iii) Wages - 20% paid in arrears in the following month.
- (iv) Sundry Expenses - paid in the same month
- (v) Income Tax Rs. 20,000 payable in June 2016
- (vi) Dividend Rs. 12,000 payable in June
- (vii) Cash in hand on 1st April 40,000. 7

OR

- (c) What do you understand by 'Budgeting' and 'Budgetary Control' ? 7
- (d) A Factory is currently running at 50% capacity and produces 5,000 units at a cost of Rs. 90/- per unit as per details given below ; material @ Rs. 50 p.u., Labour @ Rs. 15 p.u. Factory O/H @ Rs. 15 (Rs. 6 fixed) and Administrative O/H @ Rs. 10 (Rs. 5 fixed) p.u.

The current Selling Price is Rs. 100 p.u. at 60% working ; material cost per unit increases by 2% and Selling Price reduces by 2% at 80% working. Material Cost p.u. increases by 5% and Selling Price p.u. falls by 5%. Estimate the Profit of the factory at 60% and 80% capacity working. 7

### SECTION-C

4. (a) What are the different techniques of analyzing financial statements ? Explain in brief any one of them. 7
- (b) Explain the significance of Current Rates. 7

### OR

- (c) How do you analyze and interpret financial statements of a company for reporting on the soundness of its capital structure ? 7
- (d) How is the Balance Sheet a measure of the firm's liquidity and solvency ? Illustrate with example. 7

### SECTION-D

5. Sameer Co.Ltd. manufactured an Electronic Product during October 2016. They found following information from their records. You are asked to prepare a cost sheet and statement of Profit per unit :

Raw material used	Rs. 50,000
Direct Expenses	Rs. 30,000
Labour hours worked	0.525 Hrs. P.U.
Labour Rate	Rs. 2 per hr.
Office Overhead	Rs. 20,000
Selling Overhead	Rs. 1 per unit
Units Produced	20,000 units
Units sold	18,000 units
Selling Rate	Rs. 10 P.U.
Factory Overhead are 150 % of the Direct Labour.	

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