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J-14

MBA 1st Semester Examination

Accounting for Managers (NS)

MBA-106

Time : 3 Hours

Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note : All questions are compulsory in Section A carrying 2 marks each. Attempt any four questions from section B carrying 5 marks each. Attempt any two questions from section C which carry 10 marks each.

SECTION - A

1. Attempt all the questions in the section.
 - (a) What do you mean by conservatism?
 - (b) What is petty cash book?
 - (c) What do you mean by closing entries?
 - (d) What do you mean by window dressing?
 - (e) What are common size financial statements?
 - (f) What do you mean by debt assets ratio?
 - (g) What do you mean by cash flow from operating activities?
 - (h) What do you mean by social performance?
 - (i) What do you mean by margin of safety?
 - (j) What do you mean by Opportunity cost of human resources of an organization?

[P.T.O.]

SECTION - B

2. Journalize the following transactions in the books of a trader.
- Paid to Batra Rs. 30,000 through cheque.
 - Purchased office Cupboard for Rs. 15,000.
 - Cash Sales Rs. 26,000.
 - Goods taken away by the proprietor for personal use.
 - Paid to Nandu Rs. 19500 in full settlement of the amount due of Rs. 20,000.
3. What are the limitations of financial statements? How would you overcome these limitations?
4. What do you mean by solvency? How would you evaluate solvency of a firm?
5. What do you mean by a fund flow statement? Explain the utility of a fund flow statement
6. What are the different approaches to inflation accounting? Explain the significance of inflation accounting.
7. What do you mean by marginal costing? Explain the difference between marginal costing and absorption costing.

SECTION - C

8. What do you mean by accounting conventions and concepts? Why is it necessary to understand their significance? Explain accounting conventions and concepts in brief.
9. What do you mean by management accounting? What are the different tools and techniques of management accounting?
10. From the following balance sheet and the additional information, you are required to prepare cash flow statement for the year ended 31st December 2013 according to AS-3.

Liabilities	31 st Dec. 2012 Rs.	31 st Dec. 2013 Rs.	Assets	31 st Dec. 2012 Rs.	31 st Dec. 2013 Rs.
Share capital	1,80,000	1,90,000	Buildings	1,90,000	1,67,500
General reserve	1,15,000	1,17,500	Machinery	2,42,500	2,47,500
P/L A/c	1,10,000	1,08,500	Stocks	1,40,000	1,65,000
10% Debentures	1,50,000	1,50,000	Debtors	1,10,000	1,07,500
Sundry creditors	1,32,500	1,29,000	Investments	—	5,000
Provision for tax	5,000	7,500	Cash	2,500	2,500
Outstanding expenses	2,500	3,000	Goodwill	7,500	7,500
Pre-received incomes	500	750	Prepaid expenses	2,500	3,000
			Outstanding incomes	500	750
	6,95,500	7,06,250		6,95,500	7,06,250

Additional information:

- During 2013 dividends of Rs. 22,000 were paid
 - Depreciation on plant and machinery amounted to Rs. 13,000
 - Provision for tax made during the year Rs. 6,300
 - Loss on sale of machinery amounted to Rs. 2,500
11. Cookwell Ltd. manufactures pressure cookers the selling price of which is Rs. 300/- per unit. Currently, the capacity utilization is 60% with a sales turnover of Rs. 18 lakh. The Company proposes to reduce the selling price by 20% but desires to maintain the same profit position by increasing the output. Assuming that the increased output can be made and sold, determine the level at which the Company should operate to achieve the desired objective.
- The following further data are available.
- Variable costs per unit Rs. 60/-
 - Semi- variable costs (including a variable element of Rs.10/- per unit) Rs. 1, 80,000.
 - Fixed costs Rs.3, 00,000 will remain constant up to the 80% level beyond which an additional amount of Rs. 60,000 will be incurred.