

**MS–102****Accounting for Managers**

Master of Business Administration/

Diploma in Management

(MBA-16/MBA-17/DIM-16/DIM-17)

First Semester, Examination, 2017

**Time : 3 Hours****Max. Marks : 80**

**Note :** This paper is of **eighty (80)** marks containing **three (03)** Sections A, B and C. Attempt the questions contained in these Sections according to the detailed instructions given therein.

**Section–A****(Long Answer Type Questions)**

**Note :** Section ‘A’ contains four (04) long answer type questions of nineteen (19) marks each. Learners are required to answer *two* (02) questions only.

1. What are the objectives of financial accounting ? Also explain various accounting concepts with examples.
2. “Cost may be classified in a variety of ways according to their nature and the information needs of management.” Discuss this statement, illustrating with examples the classifications required for different purposes.

3. From the following Ratios and further information given below prepare a Trading Account, Profit and Loss Account and Balance Sheet of Shri Ltd. :

Gross Profit a Ratio	25%
Net Profit/Ratio	20%
Stock Turnover Ratio	10
Net Profit to Capital	1/5
Capital to Total Liabilities	1/2
Fixed Assets/Capital	5/4
Fixed Assets/Total Current Assets	5/7
Fixed Assets	₹ 10,00,000
Closing Stock	₹ 1,00,000

4. The following Trial Balance was extracted from the books of M/s. Motilal and Oswal on March 3, 2014. You are required to prepare a Trading and Profit & Loss Account for the year ended March 31, 2014 and a Balance Sheet as on that date :

### Trial Balance

Name of Account	Debit (₹)	Credit (₹)
Debtors	12,000	
Creditors		7,900
Capital		30,000
Drawings	2,900	
Rent and Rates	250	
Trade Expenses	670	
Purchases	8,640	
Sales		14,290

Returns Outward		280
Return Inward	190	
Carriage Inward	250	
Wages	2,920	
Salaries	1,200	
Stock (April 1, 2013)	3,100	
Discount Received		240
Discount Allowed	180	
Bad Debts	200	
Plant and Machinery	2,510	
Furniture and Fitting	1,800	
Cash in Hand	500	
Cash at Bank	15,400	
	52,710	52,710

The closing stock amounted to ₹ 14,220.

### Section-B

#### (Short Answer Type Questions)

**Note :** Section 'B' contains eight (08) short answer type questions of eight (8) marks each. Learners are required to answer *four* (04) questions only.

Briefly discuss any *four* of the following :

1. Scope of Accounting.
2. Advantages of Cost Accounting.
3. Scope of Service Costing.
4. Zero-based Budgeting.
5. Advantages of Accounting Information Systems.

6. Pass the necessary journal entries with the following information :

2014 June		₹
1	Purchased machinery for Business Use	50,000
2	Purchased Goods from Merchant Bros.	40,000
4	Standard Trading Company cleared their account less 5% cash discount	36,100
6	Paid Insurance Premium	700
8	Paid Rent of the Warehouse	400
8	Withdrew cash for private use	1,000
9	Returned goods to Merchant Bros.	1,400
10	Purchased a Van for proprietor's private use	40,000
11	Purchased goods from Vinay	8,250
	Paid cartage on above	150
13	Paid Merchant Bros. on account through Bank	38,600
13	Sold goods to Anand and Company	17,000

7. A manufacturing concern, which has adopted standard costing, furnished the following information :

**Standard :**

Material for 70 kg finished products : 100 kg

Price of Materials : ₹ 1 per kg

**Actual :**

Output : 2,10,000 kg

Material used : 2,80,000 kg

Cost of Material : ₹ 2,52,000

**Calculate :**

- (a) Material Usage Variance
  - (b) Material Price Variance
  - (c) Material Cost Variance
8. The following summary cash account has been extracted from the Sunshine Ltd. Accounting Records :

<b>Particulars</b>		<b>Amount (₹ in '000)</b>
Balance on 1/1/2016		35
Receipts from customers		27,83
Issue of Shares		300
Sales of Fixed Assets		128
		32,46
Payments to Suppliers	20,47	
Payment for Fixed Assets	230	
Payment for Overheads	115	
Wages and Salaries	69	
Taxation	243	
Dividends	80	
Repayments of Bank Loan	250	
Balance on 31/12/2016		212

Prepare the Cash Flow Statement of Sunshine Ltd. for the year ended 31st December, 2016 in accordance with AS-3(Revised). Note that the company does not have any cash equivalents.

### **Section–C**

#### **(Objective Type Questions)**

**Note :** Section ‘C’ contains ten (10) objective type questions of one (01) mark each. All the questions of this Section are compulsory.

Write True/False against the following :

1. Accounting is not only science but also an art.
2. Trial Balance is a conclusive proof of the accuracy of the book of accounts.
3. A fixed budget is a budget that is prepared for a range i. e. for more than one level of activity.
4. Prepaid expenses are assets of the business.

Fill in the blanks :

5. .... is method of costing under which, costs are accumulated or collected for each process separately for a period of time.
6. .... is that portion of materials usage variance which is due to the difference between the actual yield obtained and standard yield specified (in terms of actual inputs).
7. In ..... financial statements the data or figures presented in the financial statements are converted into percentages, taking some common base.

Indicate the correct answer-option.

8. Which of the following is also known as Terminal Costing ?
  - (a) Contract Costing
  - (b) Batch Costing
  - (c) Unit Costing
  - (d) Multiple Costing
9. Which of these is not an objective of Cost Accounting ?
  - (a) Ascertainment of Cost
  - (b) Determination of Selling Price
  - (c) Cost Control and Cost reduction
  - (d) Assisting Shareholders in decision-making
10. Given the sales volume, which of the following circumstances would lead to an increase in contribution margin ?
  - (a) When variable cost per unit remains same
  - (b) When variable cost per unit decreases
  - (c) When fixed cost decreases
  - (d) When variable cost per unit increases

