

MS-102

Accounting for Managers

Master of Business Administration/

Diploma in Management

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

First Semester, Examination, 2018

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. Describe the financial information provided by income statement, balance sheet and statement of fund flows.
2. What are the advantages arising out of the budgetary system ? What do you think are the essentials of an effective budgetary control system ?
3. Enumerate and explain in detail which financial ratios will be of interest to the following :
 - (i) Potential investors in a company
 - (ii) Employees
 - (iii) Company's own management

4. The Balance Sheet of ABC Ltd. for the year ended 31st March, 2016 and 2015 are summarized as follows :

Balance Sheet of ABC Ltd.

Liabilities and Assets	2016 (₹)	2015 (₹)
Equity Share Capital	60,000	50,000
Reserves :		
Profit & Loss Account	5,000	4,000
Current Liabilities :		
Creditors	4,000	2,500
Taxation	1,500	1,000
Proposed Dividends	2,000	1,000
Total	72,500	58,500
Fixed Assets (at written down value)		
Premises	10,000	10,000
Fixtures	17,000	11,000
Vehicles	12,500	8,000
Short-term Investments	2,000	1,000
Current Assets :		
Stock	17,000	14,000
Debtors	8,000	6,000
Bank at Cash	6,000	8,500
Total	72,500	58,500

The income statement for the year ended 31st March, 2016 disclosed the following :

Particulars	Amount (₹)
Profit before tax	4,500
Taxation	(1,500)
Profit after Tax	3,000
Proposed Dividends	(2,000)
Retained Profit	1,000

Further information is available :

Particulars	Fixtures Amount (₹)	Vehicles Amount (₹)
Depreciation for the year	1,000	2,500
Disposals :		
Proceeds on disposals		1,700
Written down value		(1,000)
Profit on disposal		700

Prepare a cash flow statement for the year ended 31st March, 2016.

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. Importance of Accounting.

2. Distinction between Job Costing and Process Costing.
3. Objectives of Activity-based Costing.
4. Relevance of Human Resource Accounting.
5. Implementation of Accounting Information Systems.
6. From the following six economical events, explain the effect of each event on the accounts affected :
 - (i) Sujit started business with Cash ₹ 25,000.
 - (ii) Opened Bank Account with ₹ 20,000.
 - (iii) Purchased goods ₹ 10,000 and paid by cheque.
 - (iv) Part of the defective goods received as per transaction No. 3, sold to Ranjit for ₹ 5,000.
 - (v) Bought furniture for cash ₹ 3,000.
 - (vi) Paid salary to accountant ₹ 1,000.

Show which account balance would be increased or decreased by using modern approach of accounting equation and also prepare a balance sheet based on the above information given above.

7. You are given the following data for the year 2017 of the company, calculate Margin of Safety :

Particulars	Amount (₹)
Sales	7,50,000
Fixed Expenses	2,25,000
Profit	1,50,000

8. From the following, calculate labour variances for Department A and Department B :

	Department (A)	Department (B)
Actual Direct Wages	₹ 2,000	₹ 1,800
Standard hours produced	8000	6000
Standard rate per hour	30 paise	35 paise
Actual hours worked	8200	5800

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 :

- Accounting has got a very wide scope and area of application. (True/False)
- Outstanding expenses are those expenses which are paid in current period but relates to the next period. (True/False)
- Common Size Statements are used for both horizontal and vertical analysis. (True/False)
- Dividend payout ratio is a ratio of the dividend per share to the earnings per share. (True/False)

Fill in the blanks :

- Accounting is the use of account, auditing and investigative techniques in cases of litigation or disputes.
- is also called as the book of original entry.

7. Advertisement expenses incurred for purchase of capital assets should be taken as and debited to the concerned assets account.

Indicate the correct answer-option :

8. The cost per unit of a product manufactured in a factory amounts to ₹ 160 (75% variable) when the production is 10000 units. When production increases by 25%, the cost of production will be per unit.
- (a) ₹ 145
 - (b) ₹ 150
 - (c) ₹ 152
 - (d) None of these
9. The difference between standard material cost of actual production and the actual cost of direct material is :
- (a) Material Yield Variance
 - (b) Material Price Variance
 - (c) Material Usage Variance
 - (d) Material Cost Variance
10. Marginal costing is also known as :
- (a) Direct Costing
 - (b) Absorption Costing
 - (c) Variable Costing
 - (d) Life Cycle Costing