

MS-102

Accounting for Managers

Master of Business Administration/ Diploma in Management
(M.B.A. /DIM-16/17)

First Semester Examination, 2019 (June)

Time : 3 Hours]

Max. Marks : 80

Note : This paper is of Eighty (80) marks divided into 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 any two (02) questions only.

(2×19=38)

1. Define Accounting. Why double entry system is important in accounting? Give main principles of it.
2. What do you mean by Balance Sheet? Explain the order in which assets and liabilities are marshaled in a Balance Sheet? Explain fully.

3. From the following particulars prepare a Trading account, Profit & Loss account and Balance Sheet of M/S Manas Stores for the financial year 2016-17 :

Stock (1.4.2016)	30,000	Sales	4,00,000
Purchases	2,00,000	Purchase Return	20,000
Wages	70,000	Capital	11,00,000
Salary	40,000	Creditors	70,000
Rent	20,000	Bank Overdraft	10,000
Stationery	10,000		
Cash	30,000		
Land and Building	10,00,000		
Machinery	1,00,000		
Debtors	80,000		
Bills Receivable	20,000		
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	16,00,000		16,00,000
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Additional Information :

1. Stock on 31.3.2017 was Rs. 150,000
2. Depreciation on Building 10% and Machinery @ 20% per annum.
3. Outstanding Wages Rs. 10,000, Rent Rs. 5,000.
4. Prepaid Salary Rs. 5,000.
5. Bad Debts Rs. 5,000.

4. The following data are being taken from the records of Tata Corporation as on 31st December 2016:

	Rs.
Cash	25,000
Debtors (Net)	12,000
Inventory	8,000
Prepaid Expenses	2,000
Creditors	12,000
Bills Payable	3,000
Sales	53,000
Purchases	34,000
Purchase Returns	750

On the basis of above information, compute the following:

A. Working Capital Ratio, B. Acid Test Ratio, C. Inventory Turnover, D. Payables Turnover, E. Average age of payable.

SECTION-B

(Short Answer Type Questions)

Note : Section 'B' contains eight (08) short answer type questions of eight (08) marks each. Learners are required to answer any four (04) questions only. (4×8=32)

1. What do you understand by deferred revenue expenditure?

2. Explain the errors which are not disclosed by the Trial Balance.
3. Differentiate between Financial Accounting and costAccounting.
4. What is meant by Financial Analysis?
5. What is Ratio Analysis? Explain its significance.
6. Write a note on 'Budget as a tool of planning'.
7. S Ltd. Recorded a sales of Rs. 60 lakhs in 2016 as compared to Rs. 45 lakh in 2015. Profit for 2016 was Rs. 5 lakh higher than in 2015. If the annual fixed costs amount to Rs. 12 lakh, what will be profit on a projected sales of Rs. 90 lakh?
8. A Ltd. has introduced Standard Costing System and has furnished the following information :

Standard :

Material for 70 Kg. of Finished Goods	100 kg.
Price of materials	Re. 1 per kg.

Actual:

Output	2,10,000 kg.
Material used	2,80,000 kg.
Cost of Materials	Rs. 2,52,000

Calculate the various variances in respect of Material Cost.

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. (10×1=10)

Write True/ False against the following :

1. Bank account is a real account.
2. Cash Budget is the analysis of cash inflow and outflow during the previous year.
3. $B.E.P. = \text{Fixed Cost} / \text{Profit} + \text{Variable Cost}$.
4. Inventory Turnover Ratio is an Activity Ratio.
5. Idle time variance is always negative.

Choose the correct alternative :

6. Under convention of, accounting practices should remain unchanged for a fairly long time and should not be changed unless it becomes absolutely essential to change them.

(A) Conservatism
(B) Consistency
(C) Full Disclosure
(D) Materiality.

7. Maintaining Ledger falls under function of accounting :
- (A) Recording
 - (B) Classifying
 - (C) Summarising
 - (D) Interpreting.
8. Which of the following is shown in the liabilities side of the balance sheet ?
- (A) Debentures
 - (B) Debtors
 - (C) Investments
 - (D) Prepaid Expenses.
9. Sale of old furniture credited to sales accounted. Which type of error is this ?
- (A) Error of Omission
 - (B) Error of Commission
 - (C) Error of Principle
 - (D) Compensating Error.

10. Which of the following is not a book of original entry ?

(A) Cash Account

(B) Journal

(C) Purchase Book

(D) Sales Book.
