

**PGDBM/MBA 1<sup>ST</sup> SEMESTER EXAMINATION, 2013**

**Paper – III : ACCOUNTING FOR MANAGER**

Full Marks : 80

Time : 3 Hours

1. Answer any five of the following questions  $2 \times 5 = 10$

(each within 50 words)

- a) Define Accounting.
- b) What is posting?
- c) Mention two causes of Depreciation.
- d) What is Fund Flow Statements?
- e) Why is proper valuation of Inventory important?
- f) What is Break – Even Point?
- g) What is meant by overheads?

2. Give brief answer in about 100 words or as directed (any three):

$4 \times 3 = 12$

- a) Explain four points of differences between Journal and Ledger.
- b) Calculate the gross profit ratios from the following information:

Sales	:	Rs. 100000
Sales Return	:	Rs. 10000
Opening Stock	:	Rs. 20000
Purchases	:	Rs. 60000
Purchase Returns	:	Rs. 15000
Closing Stock	:	Rs. 5000
- c) Distinguish between Funds Flow Analysis and Cash Flow Analysis.

- d) Discuss the importance of Management Accounting for managerial decision making.
- e) Explain Flexible Budget and Fixed Budget.

3. Answer any three of the following questions  $6 \times 3 = 18$   
(each within 200 words)

- a) Explain the following accounting concepts:
- Money Measurement Concept.
  - Business Entity Concept.
  - Going Concern Concept.
- b) Journalise the following transaction with proper narration:
- Purchased goods for cash from Ram. Rs. 10000
  - Deposited cash into Bank Rs. 5000
  - Paid advertisement expenses to Sunil Rs. 2000
  - Received interest from Anil Rs. 500.
- c) Explain the role of Ratio Analysis in the interpretation of Financial Statements. Examine the limitations of the Ratio Analysis.
- d) Calculate :
- Efficiency Ratio
  - Activity Ratio
  - Capacity Ratio

From the following information :

Budgeted Production	88 Units
Standard Hours per unit	10
Actual Production	75 Units
Actual working hours	600

- e) Explain the need and significance of Depreciation. What factors should be considered for determining the amount of depreciation?

4. Answer any four of the following (each within 400 words)

$$5 + 5 = 10$$

- a) Explain the meaning of Batch Costing and Process Costing.
- b) What do you understand by the terms "Budget" and "Budgetary Control"? What are the advantages of Budgetary control?

$$3 + 3 + 4 = 10$$

- c) From the following details, prepare a Manufacturing and a Trading Account for the year ending 31<sup>st</sup> March 2012:

$$5 + 5 = 10$$

Stock on 1<sup>st</sup> April 2011 Rs.

Raw Materials 10000

Work in Progress 5000

Finished Goods 20000

Stock on 31<sup>st</sup> March 2012 Rs.

Raw Materials 5000

Work in Progress 15000

Finished Goods 30000

Purchase of Raw Materials 50000

Direct Wages 10000

Carriage Charges on Purchase of

Raw Materials 5000

Factory Power 5000

Depreciation on factory Machine 5000

Purchase of Finished Goods 30000

Cartage paid on Finished goods purchased 2000

- d) What is Break – even Analysis? Discuss the assumptions and utilities of CVP Analysis.

$$2 + 4 + 4 = 10$$

- e) A manufacturing concern which has adopted standard costing

furnishes the following information: 10

<b>Standard :</b>	
Materials for 70 Kg of Finished products	100 Kg
Price of Materials	Rs. 1 per Kg
<b>Actual :</b>	
Output	210000 Kg
Material used	280000 Kg
Cost of Material	Rs. 252000

Calculate:

- Material usage Variance
  - Material price Variance
  - Material cost Variance.
- f) A company having net working capital of Rs. 2,80,000 as on 31-03-12, indicates the following financial ratios and performance figures:-

Current Ratio	2.4
Liquidity Ratio	1.6
Inventory Turnover (on cost of sales)	8
Gross Profit on sales	20%
Credit Allowed (Months)	1.5 (i.e. 45 days)

The company's Fixed Assets is equivalent to 90 % of its net worth (Share capital plus reserves) while reserves amounted to 40% of share Capital.

Prepare the Balance Sheet of the Company as on 31-03-12 showing step by step calculations. 10

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