

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

MBA/PGDBM 1st Sem. Examination, 2014

Paper - 03

Accounting for Managers

Time : 3 Hrs.

Full Marks : 80

1. Answer any five questions from the following 2×5 = 10
- What is meant by accrual system of accounting?
 - State the going concern concept of accounting.
 - List the parties who are interested in accounting information.
 - List any two objectives of preparing a trial balance.
 - List any two causes of depreciation.
 - List any two advantages of ratio analysis.
 - What is cash flow statement?
2. Answer any three questions from the following 4×3 = 12
- Explain the dual aspect concept of accounting with example.
 - Discuss the uses of CVP analysis.
 - Distinguish between real and nominal accounts with examples.
 - The following figures have been taken from the trial balance of a trader.

| | | |
|-------------------|--------|--|
| Purchases | 30,000 | |
| Purchases returns | 5,000 | |
| Sales | 40,000 | |
| Sales returns | 5,000 | |

 Calculate the amount of profit or loss if stock of Rs. 3,000 is left at the end of the accounting period.
 - Explain four points of difference between Journal and Ledger
3. Answer any three questions from the following 6×3 = 18
- An analysis of M/S XYZ led to the following information :

| Cost element | Variable cost (% of sales) | Fixed cost (in Rs.) |
|---------------------------------|-------------------------------|---------------------|
| Direct material | 32.8 | |
| Direct labour | 28.4 | |
| Factory overheads | 12.6 | 1,89,900 |
| Distribution overheads | 4.1 | 58,400 |
| General administration overhead | 1.1 | 66,700 |

 Budgeted sales amounted to Rs. 18,50,000.
 Determine -
 - Break even sales volume
 - The profit at the budgeted sales volume
 - The profit if actual sales drop by 10%. 2+2+2=6
 - What is FIFO and LIFO methods of inventory valuation? Compare the two methods with regard to market fluctuations. 3+3=6
 - Distinguish between 'straight line method' and 'diminishing balance method' of providing depreciation.
 - A firm purchases a plant and machinery on 1st Jan, 2011 for Rs. 20,000. Prepare a plant and machinery account for three years, charging depreciation @ 10% p.a. according to the diminishing balance method. 3+3=6
 - Define the following terms : 2+2+2=6
 - Operating activities
 - Investing activities

(iii) Financing activities

- (e) What is job costing? What are its objectives? 2+4=6
4. Answer any four questions from the following 10×4 = 40
(a) Journalise the following transactions and post the entries in the ledger. 5+5=10

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| | | |
|----------|---------------------------------------|------|
| Jan 1 : | Surendra started business with cash | 5000 |
| Jan 2 : | Goods purchased from Prasad on credit | 200 |
| Jan 3 : | Goods sold to Prem | 500 |
| Jan 4 : | Goods purchased from Salan for cash | 400 |
| Jan 5 : | Paid for wages | 50 |
| Jan 15 : | Goods purchased from Prem on credit | 100 |
| Jan 23 : | Paid for interest | 15 |
| Jan 28 : | Cash recieved from Prem | 100 |

- (b) Discuss any three financial ratios. Explain their significance. 5+5=10
(c) A manufacturing concern which has adopted standard costing furnishes the following information

Standard :

| | |
|--|--------------|
| Materials for 10 kg of finished products | 100 kg |
| Price of materials | Rs. 1 per kg |

Actual :

| | |
|-------------------|--------------|
| Output | 2,10,000 kg |
| Materials used | 2,80,000 kg |
| Cost of materials | Rs. 2,52,000 |

Calculate : (a) material usage variance (b) material price variance and (c) material cost variance. 3+3+4=10

- (d) What is meant by budget? Discuss the importance of budgetary control in an organization. 3+7=10
(e) What is meant by cost sheet? Differentiate between management accounting and cost accounting. 2+8=10
(f) What is meant by final accounts? Discuss the components of final accounts. 3+7=10

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