

MBA/M-15

13120**ACCOUNTING FOR MANAGERS**

Paper-MBAD-103

Time Allowed : 3 Hours]

[Maximum Marks : 80

Note : Attempt **five** questions in all, selecting at least **one** question from each Unit. Question No. 1 is compulsory. All questions carry equal marks.

Compulsory Question

1. (a) State the functions of Financial Accounting.
- (b) What is the relevance of IFRS?
- (c) What is Variance analysis?
- (d) Define and illustrate Cost sheet.
- (e) Explain the limitation of Performance budgeting.

UNIT-I

2. The following Trial Balance is extracted from the books of X as on 31st December 2008.

	Rs.		Rs.
Building	60,000	Sundry Creditors	1,11,400
Goodwill	62,500	Capital	2,00,000
Purchases	2,55,000	Bank Loan	37,500
Plant & Machinery	50,000	Provision for Bad	
		debts	5,000

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P. T. O.

Manufacturing

Wages	86,250	Sales	6,27,125
Salaries	39,625	Purchase Returns	4,350
Furniture	25,000		
Freight on Purchases	4,650		
Freight on Sales	5,350		
Computer	30,000		
Sales Returns	7,750		
Bad debts	3,500		
Interest & Bank Charges	1,000		
Manufacturing expenses	23,750		
Insurance & Tax	10,625		
General Expenses	20,500		
Factory Fuel & Power	3,200		
Opening Stock	85,500		
Factory lighting	2,375		
Sundry Debtors	1,95,500		
Cash in hand & at Bank	13,300		
	<u>9,85,375</u>		<u>9,85,375</u>

Prepare Trading and Profit & Loss account for the year ended 31st December 2008 and a Balance-sheet as on that date after taking into consideration the following adjustments :

- (i) Stock on 31st December 2008 was valued at Rs. 76,250.
- (ii) Depreciate : Furniture by 5%, Plant & Machinery by 10% and Computer by Rs. 2,500.
- (iii) Bring Provision for Bad debts to 5% on Sundry Debtors.
- (iv) A commission of 1% on gross profit is to be provided for Works Manager.
- (v) A commission of 2% on net profit (after charging the Works Manager's commission) is to be credited to the General Manager.
3. Discuss the various methods of inventory valuation. When do you advocate the inventory valuation at the inflated rate method?

UNIT-II

4. What is the purpose of preparing a Cash Flow Statement? How is it prepared? Explain and illustrate.
5. "Classification of overhead into fixed and variable is highly helpful to the management for the efficient run of the factory." Explain.

UNIT-III

6. Sakshi Private Limited ended with the following Profit and Loss during the year 2005 :

(In lakhs of rupees)

Sales		50.00
Less : Expenses :		
Raw materials	12.00	
Stores	4.00	
Expenses	20.50	
Interest	2.50	
Depreciation	3.00	42.00
Profit for the year		<u>8.50</u>

The concern had been working at 50% capacity during 2005. Of the expenses of Rs. 20.50 lakhs, 50% is variable.

In 2006, production/sales volume at 75% of capacity is expected to be achieved. Fixed cost is however expected to increase by Rs. 1.50 lakhs.

Draw the 2006 Budget.

7. Critically evaluate the importance of Marginal costing. What are its Limitations?

UNIT-IV

8. Write a detailed note on the nature and process of Management Control System.
9. State the benefits and discuss the major difficulties encountered in introducing a system of Responsibility accounting.

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