



I Semester M.B.A. (Day) Examination, January 2009

(2007-08 Scheme)

MANAGEMENT

1.2 : Accounting for Managers

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following questions. **Each** question carries **two** marks.

(6×2=12)

- a) What is window-dressing ?
- b) What is Activity based costing ?
- c) List the techniques for cost control and reduction.
- d) State the provision for valuation of inventory according to AS2.
- e) What is 'marginal cost' ?
- f) State the classification of activities in a Cash Flow Statement, according to AS-3.
- g) What is 'Depreciation' ?
- h) Differentiate between 'Reserve' and 'Provision'.
- i) What is a flexible budget ?

P.T.O.



6. State the effect of following transactions on working capital, i.e., increase or decrease or no change in working capital.

- | | |
|--|-------------------------------|
| a) Issue of equity shares for | Rs. 10,00,000. |
| b) Redemption of Debentures | Rs. 6,00,000. |
| c) Borrowing of a loan | Rs. 6,00,000. |
| d) Purchase of a fixed asset | Rs. 4,00,000. |
| e) Sale of investments costing | Rs. 2,50,000 for Rs. 3,00,000 |
| f) Purchase of machinery by
issue of shares | Rs. 16,00,000 |
| g) Purchase of goods for cash | Rs. 10,000 |
| h) Collected cash from debtors | Rs. 85,000. |

SECTION – C

Answer any two of the following questions. Each question carries twelve marks.

(2×12=24)

7. Explain in detail the various concepts and conventions which influence preparation of financial statements.

8. X Ltd., has manufactured and sold 3 products during 2003 as follows :

- | | | |
|-----------|---|--------------|
| Product X | - | 20,000 units |
| Product Y | - | 14,000 units |
| Product Z | - | 10,000 units |



Fixed Assets/Total Current Assets	3:4
Fixed Assets/Total Capital	3:2
Capital/Total outside Liabilities	2:5
Fixed Assets	Rs. 15,00,000
Closing Stock	Rs. 2,00,000

Proforma Trading and Profit and Loss Account

	Rs.		Rs.
To Cost of Sales	-----	By Sales	-----

To Gross Profit	-----	By Gross Profit	-----
To Expenses	-----		-----
To Net Profit	-----		-----
	-----		-----

Proforma Balance Sheet

Liabilities	Rs.	Assets	Rs.
Capital -----		Fixed Assets	-----
Add Net Profit -----		Inventories	-----
-----	-----	Other Current Assets	-----
Total Outside Liabilities	-----		-----
	-----		-----



SECTION - D

10. **Compulsory** question. The question carries **fifteen** marks. (1×15=15)

Following is the trial balance of Mahesh Ltd., as on 31st March 2008 :

	Debit Rs.	Credit Rs.
Equity Share Capital	-	3,00,000
12% Preference Share Capital	-	2,00,000
Reserve Fund	-	1,50,000
Buildings	5,00,000	-
10% Debentures	-	2,00,000
Plant and Machinery	2,00,000	-
Purchases and Sales	2,50,000	6,00,000
Salary	60,000	-
Debtors and Creditors	2,30,000	1,75,000
Bills	80,000	90,000
Directors Fees	20,000	-
Bad Debts	5,000	-
Returns	15,000	20,000
Wages	15,000	-
Opening Stock	45,000	-
Profit and Loss Account on 01.04.2007	-	60,000
Loose Tools	60,000	-



Goodwill	80,000	–
Discount on issue of shares	20,000	–
Cash and Bank balances	33,000	–
12% Investments (01.04.2007)	2,00,000	–
Interest on Investments	–	18,000
Total	18,13,000	18,13,000

Adjustments :

- a) Closing stock is valued at Rs. 1,40,000.
- b) Outstanding wages Rs. 2,500.
- c) Debenture interest is outstanding for the whole year.
- d) Write off Rs. 5,000 further bad debts.
- e) Buildings and plant and machinery to be depreciated by 5% and 10% respectively.
- f) Transfer Rs. 25,000 to reserve.
- g) The directors propose 15% dividend to equity shareholders.

You are required to prepare company's final accounts.
