Feb-2008

EX1001/CO 1001

M.B.A. Executive/Consortium Semester –I Examination

Accounting For Managers

Max. Marks: 60 (Executive)/ 90(Consortium)

Time: 3 Hrs

Note: Answer any five questions. All questions carry equal marks.

Q.1 What do you understand by accounting equation? What are its typical benefits explain.

Q.2 Explain the concept of budget and discuss its advantages and disadvantages.

Q.3 Explain the importance of Break Even Analysis in Managerial Decision Making?

Q4 What do you understand by cost accounting, discuss its importance to a finance manager in the present day context?

Q.5 XYZ Ltd. manufactures brakes the selling price of which is Rs 600 per unit. Currently the capacity utilization is 60% with a sales turnover of Rs 32 lakhs. The company proposes to reduce the selling price by 20% but desires to maintain the same profit position by increasing the output Assuming that the increased output could be made and sold determine the level at which the company should operate to achieve the desired objective. The following data are available:
(i) Variable cost per unit is Rs 120 (ii) Semi variable cost (including a variable element of Rs.10 per unit) Rs 130000 (iii) Fixed cost Rs 300000 will remain constant up to 60% level. Beyond this an additional amount of Rs 12000 will be incurred.

Q.6 Journalize the following transaction, post them into ledger and also balance the accounts

Jan. 2008	*Particulars*
1	Ramesh commenced business with Rs 20 lakhs
2	He purchased goods worth Rs 5 lakhs from Suresh
3	He sold good worth for Rs 25000 to Mahesh
4	Deposited in bank 24000
5	Withdrew for personal use 10000
6	Cash sales Rs 50000
7	Interest on capital @12%
8	Loan from bank Rs 500000

Q.7 From the following information of M/s. Mitra and Sons Ltd., prepare a Trading and Profit and Loss Account for the year ended 31.03.2006 and a Balance Sheet as on that date

Particulars	Amount (Rs.)
M/s.Mitra's capital account	1,19,400
M/s.Mitra's drawing account	10,550
Sundry creditors	59,630
6% loan account (loan taken)	20,000
Cash in hand	3,030
Cash at bank	18,970
Sundry debtors	62,000
Bills receivable	9,500
Provision for doubtful debt	2,500
Fixtures and fittings	8,970
Plant and machinery	28,800
Stock as on 1.4.2005	89,780
Purchases	2,56,590
Manufacturing wages	40,970
Sales	3,56,530
Return inwards	2,780
Salaries	11,000
Rent and taxes	5,620
Interest paid and discount allowed	5,870
Traveling expenses	1,840
Repairs and renewals	3,370
Insurance (including premium @ Rs. 300 per annum paid up to 30.09.2006)	400
Bad debts	3,520
Commission received	5,640

The following adjustments are to taken into consideration:
(1) Cost price of the stock as on 31.03.2006 was Rs. 1,28,960, whereas the market price was Rs. 1,30,000. (2) Manufacturing wages include Rs 1,200 for erection of new machinery purchased last year. (3) Depreciate Plant and Machinery by 5 % and Fixtures and Fittings by 10% per annum. (4) Create a provision of 5% on sundry debtors (5) Charge 5% interest on capital (6) Interest on loan for the last 2 months is not paid (7) Commission earned but not received amounts to Rs 600. (8) A commission of 5 % of net profits (after charging such commission) to be credited to the General Manager.

Q.8 **Write Short notes on (Any Two)**
a) Leverages b) Financial ratios c) Significance of accounting in managerial decision making process d) Trial balance