

X-23/2071

M.B.A. (CC) First Semester
104- Accounting for Management

8373/NNL

MM-70
Time-3 hour

Note- Attempt five questions in all, selecting not more than two questions from each Group. All questions carry equal marks.

Group-I

1. What do you mean by accounting information? Examine the nature and importance of accounting information.
2. "Accounting concepts and conventions constitute the basic framework of accounting". Discuss the above statement.
3. Journalize the following transactions in the books of a Business man.
 - a) Sold goods worth Rs. 55,000 to Pankaj on credit
 - b) Purchased office Almira for Rs. 50,000
 - c) Purchased goods from Anubha worth Rs. 50,000 on credit
 - d) Cash Purchases, Rs. 40,000
 - e) Withdrawn cash from bank Rs. 40,000
 - f) Cash received from Bir Singh Rs. 1980, allowed him discount Rs. 20.
 - g) Pankaj declared insolvent, received 60% as final dividend from his estate.

Group-II

4. Prepare the balance sheet of a firm using the following financial data;

Debt/equity ratio	0.7
Acid test ratio	1.0
Total asset turnover ratio	2.0
Days' sales outstanding in	
Account receivable	40 days
Gross profit margin	20%
Inventory turnover ratio	5 times
Equity capital	Rs. 1, 50,000
Retained earnings	Rs.2, 50,000

5. What do you mean by management accounting? Examine the relationship between management accounting and financial accounting.
6. From the following balance sheet and the additional information, you are required to prepare cash flow statement for the year ended 31st December 2013 according to AS-3.

Contd. — 2

Liabilities	31 st Dec.	31 st Dec.	Assets	31 st Dec.	31 st Dec.
	2019	2020		2019	2020
	Rs.	Rs.		Rs.	Rs.
Share capital	2,50,000	3,00,000	Buildings	2,75,000	4,50,000
General reserve	2,50,000	2,75,000	Machinery	2,25,000	3,50,000
P/L A/c	2,00,000	2,25,000	Stocks	2,00,000	75,000
10% Debentures	1,50,000	1,25,000	Debtors	50,000	40,000
Sundry creditors	50,000	70,000	Investments	1,52,000	50,000
Provision for tax	12,000	10,000	Cash	12,000	11,000
Outstanding expenses	28,000	20,000	Goodwill	-----	16,000
			Prepaid expenses	26,000	33,000
	9,40,000	10,25,000		9,40,000	10,25,000

Additional information:

- I. During 2020 dividends of Rs. 14,000 were paid
- II. Depreciation on plant and machinery amounted to Rs. 16,000
- III. Depreciation on building amounted to Rs. 30,000
- IV. Provision for tax made during the year Rs. 20,000
- V. An item of machinery which was discarded had the written down value amounted to Rs. 12,000

Group-III

7. What do you mean by budgetary control? Explain the significance of budgetary control in efficient management of an organisation.
8. What do you mean by target costing? What is its relevance in managerial decision making in the present competitive business scenario?
9. Two manufacturing companies, which have the following operating details, decided to merge:

	Company no. 1	Company no. 2
Capacity utilization %	90	60
Sales (Rs. lakhs)	540	300
Variable costs (Rs. lakhs)	396	225
Fixed costs (Rs. lakhs)	80	50

Assuming that the proposal is implemented, calculate:

- (i) Break even sales of the merged plant and the capacity utilization at that stage
- (ii) Profitability of the merged plant at 80% capacity utilization
- (iii) Sales turnover of the merged plant to earn a profit of Rs. 75 lakhs
- (iv) When the merged plant is working at a capacity to earn a profit of Rs. 75 lakhs, what percentage increase in selling price is required to sustain an increase of 5% in fixed overheads.

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