REV-00
MBA/24/28

2014/01

MASTER OF BUSINESS ADMINISTRATION
First Semester
Accounting for Managers
(MBA - 02)

Duration: 3Hrs. **Full Marks: 70**

Part-A (Objective) =20
Part-B (Descriptive)=50

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins. **Marks: 50**

1. Answer *any five* from the following: **5×2=10**

(a) Explain briefly the meaning of 'Money Measurement Concept' of accounting.
(b) State any two merits of LIFO method.
(c) When does the need for reconciling the profit of cost accounts with financial accounts arise?
(d) What is Profit Volume Ratio?
(e) Write a note on Material Cost Variance.
(f) Explain any two causes of depreciation.
(g) What is Activity Base Costing?

2. Answer *any five* from the following: **5×3=15**

(a) Distinguish between Cost Accounting and Management Accounting.
(b) Write any three advantages of Activity Base Costing.
(c) Distinguish between Straight Line Method and Diminishing Balance Method of Depreciation.
(d) List down any three objectives of budgetary control system.
(e) Explain any three applications of Marginal Costing on managerial decision making.
(f) Write a brief note on performance budgeting.
(g) Write a note on Semi-variable Cost.

3. Answer *any five* from the following: 5×5=25

(a) From the following particulars find out BEP:

Variable cost per unit Rs.10

Selling price per unit Rs.15

Fixed expenses Rs.40, 000

What will be the selling price per unit if BEP is brought down to 5,000 units?

(b) From the following transactions extracted from the books of accounts of a manufacturing concern as on 31st December, 2013. Work out value of closing stock as on 31st December, 2013 under the FIFO method of pricing issues.

December, 2013	Particulars	Quantity (in units)	Rate per unit (Rs.)
1	Opening stock	300	10
3	Purchases	250	11
11	Issues	400	
15	Purchases	300	12
20	Issues	200	
25	Purchases	200	11
29	Issues	100	

(c) The budgeted expenses for the production of 10,000 units in a factory are furnished bellow:

	Per Units (Rs.)
Materials	70
Labour	25
Variable Overheads	20
Fixed Overheads	10
Direct Variable Overheads	5
Selling expenses (15% fixed)	13
Distribution Expenses (80% variable)	7
Administrative expenses (Fixed)	5
Total	155

Prepare a budget for the production of 8,000 units.

(d) From the following Trial Balance and additional information of Miss India, prepare Trading, Profit & Loss A/C and Balance Sheet as at 31st December, 2013.

Dr Trial Balance as 31st December, 2013 Cr

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Opening stock	70,000	Discount	6,000
Purchases	2,40,000	Capital	1,00,000
Wages	50,000	Creditors	11,000
Discount	5,000	Bills Payable	15,000
Salaries	14,000	Sales	3,35,000
General Expenses	25,000	Bad debts recovered	1,000
Debtors	21,000		
Bad Debts	3,000		
Plant and Machinery	36,000		
Bank and Cash	4,000		
Total	4,68,000	Total	4,68,000

Additional Information:

i. Closing stock was valued at Rs.86,000.

ii. Outstanding wages was Rs.2000

iii. Prepaid salaries was Rs.1000

iv. Provide a 5% reserve on debtor for bad and doubtful debts.

v. Depreciate Plant and Machinery @ 10% p.a.

You are required to make out the Trading Account and Profit and Loss Account for the year ended 31st December, 2013.

(e) Define standard costing. Explain its significance as a tool of managerial decision making.

(f) ERD Foundation purchased one machine on 01.01.2003 for Rs.1, 00,000. Assuming its life to be 10 years and its scrap value estimated at Rs. 20,000. ERD Foundation charge depreciation on Straight Line Method and their accounting

year ended on 31st December. On 31st December, 2005, the machine was sold for Rs.60, 000. Show the Machine A/C till 31st December, 2005.

(g) From the following figures, prepare a reconciliation statement and find out profit as per financial accounts:

Items	Amounts (Rs.)
Net profit as per costing records	17,24,000
Works overhead under-recovered in cost-books	31,200
Administration overhead over recovered in excess	17,000
Depreciation charged in financial a/cs	1,12,000
Depreciation recovered in cost books	1,25,000
Interest received but not included in costing	80,000
Obsolescence loss charged in financial records	57,000
Income tax provided in financial books	4,03,000
Stores adjustment (credited in financial books)	4,750
Book interest credited in financial books	7,500
Depreciation of stock charged in financial books	67,500

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(The figures in the margin indicate full marks for the questions)

Duration: 20 minutes **Marks – 20**

PART A- Objective Type

1. State whether the following statements are True (T) or False (F) by a tick (√) mark : 1×5=5

(a) Fixed cost per unit increases when production volume decreases. ( )
(b) Materials from the storeroom are issued to production departments on presentation of stores credit note. ( )
(c) Marginal costing is sometimes referred to as variable costing. ( )
(d) The adoption of FIFO method results in a profit inflation during period of rising prices. ( )
(e) The main purpose of cost accounting is to help management in taking decisions by providing information. ( )

2. Choose the correct answer and place its code in the brackets provided: 1×5=5

(a) Management Accounting relates to:
i) Recording of accounting data ii) Recording of costing data
iii) Presentation of accounting data iv) None of these ( )

(b) Business Entity concept distinguishes between:
i) individual and business. ii) business and business
iii) owners iv) business and customers ( )

(c) If fixed cost is Rs.1000 and P/V ratio is 40% than BEP is:
i) Rs.2,500 ii) Rs.1,000 iii) Rs.4,000 iv) None of these ( )

(d) A budget that gives a summary of all the functional budgets and projected profit and loss account is known as:
i) capital budget ii) flexible budget
iii) master budget iv) discretionary budget ( )

(e) Which one of the following is not the objective of providing depreciation:
i) to know the true profit and loss ii) to show true and fair view of financial position
iii) to provide funds for replacement of assets iv) to enhance profitability ( )

3. Match items in List---A with those in List---B by placing the codes of List---B in the brackets provided : 1×5=5

(a)	Activity Base Costing	( )	i) Fixed per unit
(b)	Variable Cost	( )	ii) Cost drivers
(c)	Flexible budget	( )	iii) Accounting period concept
(d)	Accounting year	( )	iv) Fixed, semi-variable and variable
(e)	Selling price minus variable cost	( )	v) Contribution
			vi) P/V ratio
			vii) Margin of safety
			viii) Standard cost

4. Fill in the blanks : **1×5=5**

(a) The system which determines what the cost 'should be' in advance of production is called ----------------- technique of costing.

(b) Under diminishing balance method of depreciation the book value of the asset never reduces to ----------------.

(c) In ------------------- budgeting a manager is to justify why he wants to spend.

(d) Under LIFO, materials received last are issued ------------------------.

(e) Profit on sale of Fixed Asset is credited to ----------------------- A/C.

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