

E 4044

M.B.A. DEGREE EXAMINATION, MAY/JUNE 2007.

First Semester

BA 105 — ACCOUNTING FOR MANAGEMENT

(Regulation 2002)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. State different classifications of Accounts. Also state the rules of Accounting.
2. Differentiate between a Trial Balance and a Balance Sheet.
3. Define Depreciation. What are its cause?
4. State the components of Shareholders' equity.
5. State the need for Financial Statement Analysis.
6. Explain the merits and demerits of Ratio Analysis.
7. Define Marginal Costing.
8. State the significance of Break-even Analysis.
9. Differentiate between Fixed and flexible Budgets.
10. What are the advantages of Standard Costing?

PART B — (5 × 16 = 80 marks)

11. (a) Discuss in detail the various Accounting Concepts and Conventions.

Or

- (b) Explain in detail the accounting for merchandising Transaction.
12. (a) M/s Ritesh Ltd. Purchased a second hand machine on 1st January 2001 for Rs. 3,70,000 and immediately spent Rs. 20,000 on its repairs and Rs. 10,000 for installation. On 1st July 2002, it purchased another machine for Rs. 1,00,000.

On 1st July 2003, it sold off another machine for Rs. 2,50,000 and bought another for Rs. 3,00,000. Depreciation was provided on the machine @ 10% on original cost annually on 31 December. With effect from 1st January 2004, the company changed the method of providing depreciation and adopted the Written Down Value method and the rate of depreciation @ 15% per annum. Show machinery account for four years.

Or

(b) Bring out the differences between Funds flow Analysis and Cash flow Analysis.

13. (a) Following are the summarized balance Sheets of Dinesh Ltd. As on 31st December 2003 and 2004 :

Liabilities	2003 Rs.	2004 Rs.	Assets	2003 Rs.	2004 Rs.
Share Capital	2,00,000	2,50,000	Land & Buildings	2,00,000	1,90,000
General Reserve	50,000	60,000	Plant & Machinery	1,50,000	1,69,000
Profit and Loss a/c	30,500	30,600	Stock	1,00,000	74,000
Bank Loan	70,000	—	Sundry debtors	80,000	64,200
Sundry Creditors	1,50,000	1,35,200	Cash	500	600
Pro. for Taxation	30,000	35,000	Bank	—	8,000
			Goodwill	—	5,000
	<u>5,30,500</u>	<u>5,10,800</u>		<u>5,30,500</u>	<u>5,10,800</u>

Additional information supplied:

During the year ended 31st December, 2004:

- (i) Dividend of Rs. 23,000 was paid;
- (ii) Assets of another company were purchased for a consideration of Rs. 5,00,000 payable in shares. The following assets were purchased Stock. Rs. 20,000 Machinery Rs. 25,000.
- (iii) Machinery was purchased for Rs.8,000
- (iv) Depreciation written off: Buildings Rs. 10,000; Machinery Rs.14,000
- (v) Income tax paid during the year Rs. 28,000 Provision of Rs. 33,000 was charged to profit and loss account.

Or

- (b) What do you understand by Zero Base Budgeting? How is it different from traditional budgeting?
14. (a) A company budgets for a production of 1,50,000 units. The variable cost per unit is Rs. 14 and fixed cost is Rs. 2 per unit. The company fixes its selling price to fetch a profit of 15% on cost.
- (i) What is the REP?
 - (ii) What is the P/V Ratio?
 - (iii) If it reduces selling price by 5%, how the revised selling price affect the BEP and P/V Ratio?
 - (iv) If a profit increase of 10% is desired more than the budget, what should be the sales at the reduced prices?

Or

- (b) State the different methods of Costing Explain each one of them in detail.
15. (a) "Variance Analysis is an integral part of Standard Cost Accounting" Explain this statement.

Or

- (b) The following details relating to the product 'X' during the month of June 2005 are available. You are required to compute the material and labour cost variance and also to reconcile the standard and the actual cost with the help of such variance :

Standard cost per unit :

Material 50 kg @ Rs.40 per kg

Labour 400 hours @ Rs. 1 per hour

Actual cost for the month :

Material 4900 kgs. @ Rs. 42 per kg

Labour 39600 hours @ Rs.1.10 per hour

Actual production = 100 units.

