

E-5053

M. B. A. (First Semester) Examination, Nov. 2019

(New Course)

ACCOUNTING for MANAGERS

Paper : MS-103

Time Allowed : Three hours

Maximum Marks : 70

Note : Attempt all questions. One question from each unit is compulsory. All questions carry equal marks.

Unit-I

1. Explain the generally accepted accounting principles.

Or

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[2]

Classify expenditure items as capital or revenue expenditure. In each case give reason for your classification :

- (i) An extension of railway tracks in the factory area.
- (ii) Wages paid to machine operators.
- (iii) Installation costs of new production machine.
- (iv) Materials for expentions to foreman's office in the factory.
- (v) Rent paid for the factory.
- (vi) The purchase of new computer for use in the business. <http://www.rdvvonline.com>
- (vii) Wages paid to own employees for building the foreman's offices.

Unit-II

2. What is Depreciation? What are the causes of depreication? What are the factors which determine the amount of depreciation?

Or

What do you understand by Incorporation of Company? Explain the according process of Incorporation of Comany?

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Unit-III

3. Describe various techniques of financial statement analysis giving an example.

Or

From the following information you are required to prepare balance sheet :

Current Ratio	1.75
Liquid Ratio	1.25
Stock turnover ratio (cost of sales/closing stock)	9
Gross profit ratio	25%
Debt. collection period	1½ months
Reserves and surplus to capital	0.2
Turnover to fixed assets	1.2
Capital gearing ratio	0.6
Fixed assets to net worth	1.25
Sales for the year	Rs 12,00,000/-

Unit-IV

4. (a) Describe the importance of B.E.P. and margin of safety in managerial decision making. 4

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- (b) Explain the following cost concept by giving suitable example :

(i) Opportunity cost	5
(ii) Out of pocket cost	5

Or

- (a) What do you mean by Cost Accounting? Explain the classification of cost. 10
- (b) What do you understand by standard costing? 4

Unit-V

5. Define Responsibility Accounting. Explain the essential features of Responsibility Accounting.

Or

The expenses budgeted for production of 10,000 units in a factory are furnished below :

	Per Unit
	Rs
Material	70
Labour	25
Variable Overhead	20
Fixed Overhead (Rs. 1,00,000)	10

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Variable Expenses (Direct)	5
Selling Expenses (10% fixed)	13
Administrative Expenses (Rs. 50,000)	5
Distribution Expenses (20% fixed)	7
Total	<u>155</u>

Prepare a budget for the production of (a) 8000 units and (b) 6000 units. Assume that administrative expenses are rigid for all levels of production.

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