

**UTTARAKHAND OPEN UNIVERSITY, HALDWANI (NAINITAL)**



**उत्तराखंड मुक्त विश्वविद्यालय हल्द्वानी (नैनीताल)**

**Programme Name- MBA-First Semester/DIM-First Semester**

**Programme Code- MBA-17/DIM-17**

**Course Name- Accounting for Managers**

**Course Code- MS-102 Maximum Marks-20**

**Session - 2017-18, Summer Last Date of Submission: 31<sup>st</sup> October 2017**

**Session - 2017-18, Winter Last Date of Submission: 30<sup>th</sup> April 2018**

**Section-A**

**Section 'A' contains 08 short answer type questions of 2.5 marks each. Learners are required to answers 4 questions only. Answers of short answer-type questions must be restricted to 250 words approximately.**

**Discuss the following (1-6) –**

1. Importance of Accounting.
2. Accounting Conventions.
3. Procedure of preparing Trial Balance.
4. Scope of Service Costing.
5. Zero-base Budgeting.
6. Advantages of Accounting Information System.
7. Standard material and Standard price for manufacturing one unit of a product is given below;

|            | Standard Material | Standard Price |
|------------|-------------------|----------------|
| Material A | 5 Kg              | @ Rs 40        |
| Material B | 3 Kg              | @ Rs 60        |

The actual production of the product is 400 units.

The actual material A 2,500 kg @ Rs 39

B 1000 kg @ Rs 62.5

Calculate the materials sub-usage variance.

8. The following miscellaneous information regarding the operations of 2016 has been made available from the records the Excel Corporation;

|   |             |
|---|-------------|
| Sales                                     | Rs 1,00,000 |
| Direct Materials Used                     | 40,000      |
| Direct Labour                             | 15,000      |
| Fixed Manufacturing Overhead              | 20,000      |
| Fixed Selling and administration expenses | 10,000      |
| Gross Profit                              | 20,000      |

|          |       |
|----------|-------|
| Net Loss | 5,000 |
|----------|-------|

There are no beginning or ending inventories.

You are required to calculate;

- i) Variable Selling and Administrative Expenses
- ii) Contribution Margin in Rupees
- iii) Variable Factory Overhead
- iv) Break Even Point in Rupee Sales
- v) Factory Cost of Goods Sold

### Section-B

**Section 'B' contains 04 long answer-type questions of 05 marks each. Learners are required to answer 02 questions only.**

1. What are the objectives of financial accounting? Also discuss the parties that are interested in financial statements.
2. From the following Trial Balance, prepare the Final Accounts of the S Ltd. for the year ended 31<sup>st</sup> December, 2015.

| Particulars         | Dr (Rs)  | Cr (Rs.) |
|---------------------|----------|----------|
| Share Capital       |          | 1,00,000 |
| Reserves            |          | 50,000   |
| Loan @6%            |          | 40,000   |
| Creditors           |          | 50,000   |
| Goodwill            | 4,000    |          |
| Land and Buildings  | 1,00,000 |          |
| Plant and Machinery | 40,000   |          |
| Investments         | 20,000   |          |
| Loose tools         | 2,000    |          |
| Stock               | 10,000   |          |
| Debtors             | 14,000   |          |
| Cash                | 45,000   |          |

|                  |          |          |
|------------------|----------|----------|
| Commission paid  | 2,000    |          |
| Rent             | 8,000    |          |
| Purchases        | 40,000   |          |
| Sales            |          | 80,000   |
| Insurance        | 4,000    |          |
| Prepaid Expenses | 4,000    |          |
| Advertisements   | 2,000    |          |
| Bad Debts        | 10,000   |          |
| Interest paid    | 10,000   |          |
| Power and Fuel   | 5,000    |          |
|                  | 3,20,000 | 3,20,000 |

The following adjustments are required;

- i) Closing Stock Rs 30,000
  - ii) Outstanding Liabilities Rent Rs 1,000 and Insurance Rs 200.
  - iii) Provide 5% on debtors against bad debts and 2% against discount.
  - iv) Depreciate Plant and Machinery and Loose Tools @ 5% p.a.
  - v) Collection of Debtors Rs 1,000.
  - vi) Payment of Creditors Rs 2,000.
3. The following is the Balance Sheet of M Ltd. as on 31<sup>st</sup> March, 2016

**Balance Sheet of M Ltd.**

**As on 31<sup>st</sup> March, 2016**

| Liabilities  | Amount<br>(Rs.) | Assets  | Amount<br>(Rs.) |
|--|-----------------|---|-----------------|
| Share Capital  |                 | Fixed Assets (Less<br>Depreciation)   | 6,10,000        |
| Equity Shares of 10% each<br>4,00,000<br>1000 12% Preference shares<br>of Rs 100 each 1,00,000 | 5,00,000        | Current Assets<br>Stock in Trade 1,60,000<br>Sundry Debtors 1,20,000<br>Bills Receivables 25,000<br>Cash in hand and Bank<br>35,000 | 3,40,000        |

|                       |          |  |          |
|-----------------------|----------|--|----------|
| Reserve and Surplus   | 1,00,000 |  |          |
| 12% Debentures        | 2,00,000 |  |          |
| Current Liabilities   | 1,50,000 |  |          |
| Creditors 1,20,000    |          |  |          |
| Bank Overdraft 30,000 |          |  |          |
|                       | 9,50,000 |  | 9,50,000 |

**Revenue Statement**  
**For the year ended 31<sup>st</sup> March, 2016**

| Particulars                       | Amount(Rs) |          |
|-----------------------------------|------------|----------|
| Net Sales(Credit)                 |            | 7,30,000 |
| Cost of Sales                     |            | 6,20,500 |
| Gross Profit                      |            | 1,09,500 |
| Administrative Expenses           | 18,250     | 54,750   |
| Selling and Distribution Expenses | 36,500     |          |
| Operating Profit (before tax)     |            | 54,750   |
| Taxation                          |            | 25,550   |
| Operating Profit (after tax)      |            | 29,200   |

From the given information, you are required to compute the following ratios;

- i. Current Ratio
  - ii. Liquidity Ratio
  - iii. Gross Profit Ratio
  - iv. Debtor's Velocity
  - v. Net Profit Ratio
  - vi. Capital Gearing Ratio
  - vii. Proprietary Ratio
  - viii. Stock Working Capital Ratio
  - ix. Administrative Expenses Ratio
  - x. Debt-Equity Ratio
4. Describe the information provided by each of these financial statements: income statement, balance sheet, statement of cash flows. Identify five business questions that can be answered by using financial accounting information.