

FACULTY OF MANAGEMENT**M.B.A. I – Semester (CBCS) Examination, May / June 2018****Subject : Accounting for Management****Paper – MB 102****Time : 3 hours****Max. Marks : 80****PART – A (5 x 4 = 20 Marks)**
(Short Answer Type)

- 1 Journal
- 2 Capital Expenditure
- 3 Tax planning
- 4 Tax evasion
- 5 Make or Buy decision

PART – B (5 x 12 = 60 Marks)
(Essay Answer Type)

- 6 a) Explain scope and importance of Financial Accounting.
OR
b) Explain the accounting concepts and convention.
- 7 a) Explain the various provisions of Indian Companies Act regarding preparation and presentation of Financial Statements.
OR
b) From the following trial balance of a trader on 31st March 2016, prepare trading and profit and loss account for the year ended 31-3-2016 and a balance sheet as on that date :

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Cash in hand	1200	Capital	60000
Purchase	100000	4% Bank loan	20000
Opening stock	35000	Bills payable	20000
Sundry debtors	50000	Sundry Creditors	24000
Plant and Machinery	60000	Sales	200000
Furniture	15000	Bad debts reserve	1200
Bills receivable	18000	Rent outstanding	1000
Rent and taxes	10000		
Wages	16000		
Wages prepaid	1000		
Salaries	20000		
	326200		326200

Additional Information :

- 1 Create reserve for doubtful debts at 5% on sundry debtors
- 2 Write off Rs.500 as bad debts.
- 3 Depreciate plant and machinery at 5% and on furniture at 10%.
- 4 Provide outstanding liabilities : taxes Rs.2000 and salaries Rs.4000
- 5 Closing stock Rs.40000

- 8 a) What is meant by financial analysis and explain the need for and significance of financial statements analysis?

OR

- b) Mr. Krishna & Co. presents the following information for the year ended 31 December 2016.

Credit Sales	Rs.150000	Cash sales	Rs.250000
Returns Inwards	Rs.25000	Opening stock	Rs.28000
Closing Stock	Rs.35000		

Find out inventory turnover ratio when gross profit is 20% on sales. Also calculate inventory holding period.

- 9 a) What is Cash flow statement? What are the advantages of Cash flow statement.

OR

- b) Prepare Cash flow statement from the following :

Balance Sheet of Ramana Sree Ltd.

Liabilities	31-3-2015 Rs.	31-3-2016 Rs.	Assets	31-3-2015 Rs.	31-3-2016 Rs.
Share Capital	220000	220000	Land & Building	40000	37500
Share premium	30000	30000	Machinery	70000	100000
Secured loan	--	27000	Investment	90000	85000
General reserve	50000	30000	Current Assets	230000	60000
P & L A/c	32000	43000	Cash	10000	7500
Current Liabilities	98000	110000	Debtors	18300	167500
Proposed dividend	70000	40000	Bank balance	41700	42500
	500000	500000		500000	500000

Additional information :

- 1 Depreciation on building is Rs.10000
- 2 During the year machinery costing Rs.9500 (WDV Rs.1700) was sold for Rs.3500

- 10 a) What is meant by CVP analysis? Explain the managerial uses of break even concept.

OR

- b) There are two similar plants under the same management. The management desires to merge these two plants. The following particulars are available.

	Plant - I	Plant - II
Capacity operation	100%	60%
Sales	Rs.300 lakhs	Rs.120 lakhs
Variable costs	Rs.220 lakhs	Rs.90 lakhs
Fixed costs	Rs.40 lakhs	Rs.20 lakhs

You are required to calculate

- 1 What capacity of the unused plant would have to be operated for the purpose of breakeven and
- 2 What the profitability on working at 75% of the merged capacity would be?
