MMS/D07

Accounting for managers

Paper Cp -106

Time : 3 Hours MM:70

Note: Attempt five questions in all. Q. No.1 is compulsory. All questions carry equal marks.

1. Short answer questions:
   (a) Rules of recording financial transactions in the journal.
   . (b) . Concept of Depreciation.
   (c) Difference between Cash Discount and Trade Discount.
   (d) Meaning of cost sheet.
   (e) Concept of Fund flow.
   (f) Concept of Flexible Budgeting.
   (g) Profit-Volume Ratio.

2 What is meant by Accounting concepts? Explain the basic assumptions and principles of accounting.

3 What is meant by Final Accounts? Why are these prepared? Explain by using imaginary figures, the steps in preparing final accounts of a non-corporate entity.

4 Define Costing and Cost Accounting. What is the nature of Cost accounting? Explain the usefulness of Cost accounting in modem-day business organisations.

5 "Management accounting. is an extension of managerial aspect of financial accounting and cost accounting." Elucidate and discuss the use of Management accounting as a tool of decision-making and exercising control.

6 From the following Balance Sheet and the sub-joined information of a company, you are required to calculate:
   (a) Current Ratio.
   (b) Quick Ratio.
   (c) Inventory Turnover.
   (d) Average collection period presuming 360 days in a year.
   (e) Owned funds to liabilities ratio.

Balance Sheet

Share Capital	**2,00,000**	**Goodwill**	**1,20,000**
Reserve & Surplus	**58,000**	**Plant & Machinary**	**1,50,000**
Debentures	**1,00,000**	**Stock**	**. 80,000**
Creditors	**40,000**	**Debtors**	**45,00**

			0
Bills Payable	**20,000**	**Cash**	**17,000**
Other current Liabilities	**2,000**	**Miscellaneous Current Assets**	**8,000**
	4,20,000		**4,20,000**
			-

Sales (Credit) for the year **Rs 4,00,000**
Gross Profit **Rs 1,60,000**

7 What is Zero base budgeting? What are the advantages of zero based approach over the traditional approach? Explain the basic steps i.n implementing zero base budgeting.

8 Write notes on the following:
(a) Break-even indicators.
(b) Difference between Marginal costing and Absorption costing.
(c) Difference between Standard cost and Historical cost.
(d) Elements of Direct Material Cost Variance.