

MMSID09

6204

Accounting For Managers

Paper': CP-106

Time: Three Hours]

[Maximum Marks: 70

Note:- Attempt FIVE questions in all. Question no. 1 is compulsory. All questions carry equal marks.

1. Define the following:

- (a) Accounting Standard
- (b) Cost Sheet
- (c) Ratio
- (d) Standard Cost
- (e) Funds Flow Statement
- (f) Cost Centre
- (g) Marginal Cost.

2. Why are accounting concepts and conventions required? Is there a conflict between the two?

3. What do you mean by a posting? How is posting made from the Journal in the Ledgers? Explain with suitable examples.

4. "Cost may be classified in a variety of ways according to their nature and the information needs of management". Explain and discuss this statement giving examples of classifications required for different purposes.

5. From the following information relating to Jain Co. Ltd., prepare a Balance Sheet as on 31 st March, 2009:

Current Ratio	2.5
Liquid Ratio	1.5
Net Working Capital	Rs. 3,00,000
Cost of Sales/Closing Stock	8 times
Gross Profit Ratio	20%
Average Debt Collection Period Fixed	1.5 months
Assets/Shareholder's Net Worth	0.75
Reserve and Surplus/Share Capital	0.50

6. What is the purpose of preparing a Cash Flow Statement? How is it prepared? Explain and Illustrate.
7. Define Flexible Budget. How is it drawn up and what difficulties would you expect to face in its compilation?
8. A firm can purchase a separate part from an outside source @ Rs. 11 per unit. There is a proposal that the spare part be produced in the factory itself. For this purpose a machine costing Rs. 1,00,000 with an annual capacity of 20,000 units and a life of 10 years will be required. A foreman with a monthly salary of Rs.500 will have to be engaged. Materials required will be Rs. 4.00 per unit and wages Rs. 2.00 per unit. Variable overheads are 150% of direct labour. The firm can easily raise funds @ 10% p.a.

Advise the firm whether the proposal should be accepted.

