

**MBA IN INTERNATIONAL HOSPITALITY
MANAGEMENT (MBA IHM)**

Term-End Examination

00181 December, 2014

MHY-012 : ACCOUNTING FOR MANAGERS

Time : 3 hours

Maximum Marks : 100

Note : Attempt any *five* questions. All questions carry equal marks.

1. Write short notes on the following : 5 × 4 = 20
- (a) Wasting assets
 - (b) Accounting equations
 - (c) Out of pocket costs
 - (d) Systems of accounting
 - (e) Absorption costing
2. Briefly discuss the following : 5 × 4 = 20
- (a) Contingent liability
 - (b) Break-even point
 - (c) Owner's equity
 - (d) Financial leverage
 - (e) Margin of safety

3. From the following ledger balances of Mr. Khusro prepare Trading a/c, Profit and Loss a/c for the current year ended March 31st 2009 and a Balance Sheet as on that day, after making necessary adjustments :

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Particulars	Amount (₹)
Capital	8,00,000
Drawings	60,000
Plant and Machinery (1.4.2008)	2,00,000
Plant and Machinery (additions 1.7.2008)	50,000
Stock on 1.4.2008	1,50,000
Purchases during the year	8,20,000
Carriage on purchases	20,000
Furniture and fixtures	2,00,000
Carriage on sales	25,000
Sundry expenses	8,000
Printing, stationery and postage	12,000
Rent, rates and taxes	40,000
Bad debts	5,000
Sundry creditors	95,000
Sales	12,00,000
Purchases returns	10,000
Provision for bad and doubtful debts (1.4.2008)	8,000
Commission received	16,000
Sundry debtors	52,000
Insurance charges	10,000
Salaries	2,10,000
Cash in hand	62,000
Cash at bank	2,05,000

Adjustments are required for the following :

- (a) Closing Stock on 31.3.2009 was valued at ₹ 1,40,000.
- (b) Create provision for bad and doubtful debts at the rate of 5% on sundry debtors.
- (c) Provision for depreciation on furniture and fixtures at 10% per annum and on plant and machinery at 20% per annum.
- (d) Insurance paid in advance is ₹ 1,000.
- (e) Commission received in arrears is ₹ 5,000.
- (f) Salaries payable are ₹ 15,000.

4. Distinguish between marginal costing and standard costing. Also examine their relative appropriateness in tour operation business. 20

5. Describe in brief the procedure of determining cash flow from operating activities as per indirect method of AS 3. Take an appropriate example to illustrate your answer. 20

6. The Holiday Makers Tour Company Ltd. makes and sells two types of tour packages A and B. Expected data from the first quarter of operations are : 20

Particulars	Tour 'A'	Tour 'B'
Expected Sales (Units)	08	12
Selling Price (₹)	45,000	55,000
Variable Costs (₹)	30,000	35,000

- (a) Sales are expected to be ₹ 50,000 in January; ₹ 55,000 in February and ₹ 60,000 in March. All Sales will be in cash.
- (b) His estimated purchases are :
₹ 20,000 in January; ₹ 22,000 in February and ₹ 25,000 in March. Payments for purchases will be made after a lag of one month. Outstanding on account of purchases in December last are ₹ 22,000.
- (c) The rent per month is ₹ 5,000 and his personal withdrawal per month is ₹ 5,000.
- (d) Salaries and other expenses, payable in cash are expected to be ₹ 15,000 in January; ₹ 18,000 in February and ₹ 20,000 in March.
- (e) He plans to buy furniture worth ₹ 25,000 on cash payment in February.
- (f) The cash balance at present is ₹ 5,000. His target cash payment however is ₹ 8,000.

What will be the surplus/deficit of cash in relation to his target cash balance ?

- 9.** A manufacturing company has an expected usage of 50,000 units of a certain product during the next year. The cost of processing an order is ₹ 20 and the carrying cost per unit is ₹ 0.50 for one year. Lead time on an order is five days and the company will keep a reserve supply of two days' usage. You are required to calculate
- (a) the economic order quantity,
 - (b) the reorder point (assume a 250-day year)

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10. Explain the following briefly :

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- (a) Concept, need, importance and scope of management accounting
 - (b) Meaning, need and objectives of budgetary control
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