

**MBA IN INTERNATIONAL HOSPITALITY
MANAGEMENT**

00464

Term-End Examination
June, 2014

MHY-012 : ACCOUNTING FOR MANAGERS

Time : 3 hours

Maximum Marks : 100

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

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1. Write short notes on the following : 5x4=20
 - (a) Trial Balance
 - (b) Cash System of Accounting
 - (c) FIFO
 - (d) Provision for sundry debtors discount
 - (e) Cash Book

 2. Write short notes on the following : 5x4=20
 - (a) Economic Order Quantity
 - (b) Balance of Payment
 - (c) Profit Ratios
 - (d) Current Assets
 - (e) Cost Unit

 3. Which accounting principle is involved/violated/ 20
affected in the following :
 - (a) The firm does not consider unused stationery as asset.
 - (b) The firm changes method of depreciation.
 - (c) Capital is recorded in liability side.

- (d) The firm follows the policy of expensing all office equipments of less than ₹ 5,000/-.
- (e) Plant and machinery is valued at the current market price.
- (f) Expenses are recognized as and when they are incurred and not when they are paid.
- (g) Profit earned by the owner in selling his personal house is not recorded in the firms book.
- (h) Anticipated profits are ignored.
4. Describe cost accounting. Differentiate between costing and cost accounting. Describe the various methods and techniques of cost accounting. **20**
5. From the following balances taken from the ledger of Shri Godavari on 31st March 2011, prepare Trading and Profit and Loss a/c for the year ended March 31st 2011 and the Balance Sheet as at March 31st 2011 : **20**

Particulars	(₹) Amount	Particulars	(₹) Amount
Sundry Creditors	19,000	Bad Debts	100
Building	15,000	Loan from Ram	2,500
Income Tax	1,025	Sundry Debtors	9,500
Loose Tools	1,000	Investments	6,500
Cash at Bank	16,200	Bad Debts Reserve	1,600
Sundry Expenses	1,990	Rent and Rates	850
Bank Interest (Cr.)	75	Furniture	3,000
Purchases	1,57,000	Stock (1.4.2010)	27,350
Wages	10,000	Capital	47,390
Carriage Inwards	1,120	Discount allowed	630
Sales	1,85,000	Dividends Received	535
Motor Van	12,500	Drawings	2,000
Cash in Hand	335	Bills Payable	10,000

Adjustments to be taken into account are :

- (a) Write off further ₹ 300/- as bad debts out of sundry debtors and create a reserve for bad debts at 20% on debtors.
 - (b) Dividends accrued and due on investments is ₹ 135. Rates paid in advance ₹ 100 and wages owing ₹ 450.
 - (c) On 31-03-2011 stock was valued at ₹ 15,000 and loose tools were valued at ₹ 800.
 - (d) Write off 5% for depreciation on buildings and 40% on motor van.
 - (e) Provide for interest @ 12% p. a. due on loan taken on 1-6-88.
 - (f) Income tax paid has to be treated as drawings.
6. Ankita tourist transport company is running a fleet of 6 tourist coaches between two towns 75 kilometers apart. Seating capacity of each coach is 40 passengers. The following particulars are available for the month of June :

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S.No.	Particulars	(₹) Amount
1.	Wages of drivers, Conductors and Cleaners	3,600
2.	Salaries of office and supervisory staff	1,500
3.	Diesel and other oils	10,320
4.	Repairs and maintenance	1,200
5.	Taxation, Insurance etc.	2,400
6.	Depreciation	3,900
7.	Interest on Capital	3,000

Actual passengers carried were 80% of the seating capacity. All the buses ran on all days of the month. Each bus made one round trip per day. Find out the cost per passenger kilometer.

7. What do you understand by financial ratios ? 20
Briefly explain the profitability and leverage ratios.
8. A tourist souvenir manufacturing company 20
operating a system of budgetary control finds that
their production capacity during the year varies
between 75% and 90% as against the budgeted
capacity of 80% for the year. It has been suggested
that a system of flexible budgets should be
introduced to effectively control the costs. Outline
the steps you would take to implement this
suggestion keeping in mind that the management
would still require periodic comparison with their
overall budget during the year.
9. A machinery was purchased for ₹ 5,00,000/- on 20
Jan 1st 1988. What would be its book value three
years after it was depreciated according to the
following methods ?
(a) Straight line method and
(b) Written down value method. The rate of
depreciation is 10% p.a. Show your answer
in a tabular ledger account.
10. Write a note on marginal costing. What are its 20
applications in managerial decision making ?
Discuss.
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