

Register Number: .....

**MBA DEGREE EXAMINATIONS: MAY/JUNE 2013**

First Trimester

**MASTER OF BUSINESS ADMINISTRATION**

MBA504: Financial Management

**Time: Three Hours**

**Maximum Marks: 100**

**Case Study:-**

**PART A (1 x 20 = 20 Marks)**

1. The following are the balance extracted from the book of Mr.X as on 31<sup>st</sup> March,2012

Particulars	Debit		Credit	
Drawing	40,000			
Cash at Bank	17,000			
Cash in hand	60,000			
Wages	10,000			
Purchase	20,000			
Stock (31.03.11)	60,000			
Buildings	1,00,000			
Sundry debtors	44,000			
Sundry creditors			45,000	
Bills Receivable	29,000			
Rent	4,500			
Commission	2,500			
General Expenses	8,000			
Furniture	5,000			
Plant	5,000			
Capital			2,00,000	
Sales			1,60,000	
	4,05,000		4,05,000	

**Adjustments :**

1. Closing stock Rs.40, 000 valued as on 31.03.12.
2. Interest on Capital at 6% to be provided.
3. Interest on drawing at 5% to be provided.
4. Depreciate building at the rate of 10% per annum.
5. Wages yet to be paid Rs.500.

6. Write off Bad debts Rs.1, 000.

Prepare Trading and Profit and Loss Account and Balance Sheet as on 31<sup>st</sup> March 2012.

**Answer all the Questions:-**

**PART B (10 x 2 = 20 Marks)**

2. Define Convention.
3. What is meant by GAAP?
4. Differentiate journal and ledger.
5. What are the causes of depreciation?
6. Differentiate revenue expenditure and capital expenditure.
7. Define cost centre.
8. What is meant by Job costing?
9. What is meant by abnormal loss?.
10. What are the main features of Target costing?
11. Define Target costing.

**PART C (4 x 15 = 60 Marks)**

12. a) Explain in detail the accounting concepts and conventions with suitable examples.

**(OR)**

- b) What do you mean by Inflation accounting? Enumerate its advantages and disadvantages

13. a) Discuss the concept of human resource accounting. Explain various methods of valuing human resources assets.

**(OR)**

- b) Explain the different methods of issuing materials with suitable examples.

14. a) The directors of a manufacturing business require a statement showing the production results of the business for the month of March 2012. The cost accounts reveal the following information:

<b>Stock on hand</b> 1 <sup>st</sup> march 2012	Rs.
Raw material	25,000
Finished goods	17,360
<b>Stock on hand</b> , 31 <sup>st</sup> March 2012	
Raw materials	26,250
Finished goods	15,750
Purchase of raw materials	21,900
Work in progress 1 <sup>st</sup> March 2012	8,220
Work in progress 31 <sup>st</sup> March 2012	9,100
Sale of finished goods	72,310

Direct wages	17,150
Non-productive wages	830
Works expenses	8,340
Office expenses	3,160
Selling expenses	4,210

Prepare a cost Sheet to show the net profit for the month.

**(OR)**

- b) A product passes through three distinct processes to completion, these processes are numbered 1,2,3. During the week ending March 15,2012, 1000 units are produced and the following information is obtained.

	Process I	process 2	process 3
Direct materials	5,000	2,500	1,500
Direct labour	3,000	4,000	5,000
Direct expenses	600	900	1,200

Indirect Expenses amount to Rs.2,400 and should be apportioned on the basis of direct labour. Prepare Process accounts.

15. a) Explain in detail Activity Based costing and its importance. And also compare it with traditional costing method.

**(OR)**

- b) Discuss the importance of Target costing method and its importance for manufacturing industries

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