

Code: BA1T3

I MBA-I Semester-Regular Examinations FEBRUARY 2015**ACCOUNTING FOR MANAGERS**

Duration: 3hours

Max. Marks: 70

SECTION-A**1. Answer any FIVE of the following: 5 x 2 = 10 M**

- a. Going concern concept.
- b. Limitations of Accounting.
- c. Funds from operations.
- d. Profitability ratios.
- e. Break-Even point.
- f. Variable costs.
- g. Fixed Budget
- h. Zero-based Budgeting

SECTION – B**Answer the following: 5 x 10 = 50 M**

2. a) Discuss the Objectives, Nature and scope of Financial Accounting.

OR

b) What is Double Entry System of Accounting? Explain its principles.

3. a) Why Balance sheet is prepared? And explain about the contents of the Balance Sheet.

OR

b) From the following Trial Balance of M/s Sunny Traders as on 31-3-2012. Prepare the Profit and Loss Account and Balance sheet as on 31-3-2012.

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Capital		1,00,000
Drawings	18,000	
Buildings	15,000	
Furniture	7,500	
Motor van	25,000	
Loan to Hariprasad	15,000	
Interest	450	
Sales		1,00,000
Purchases	75,000	
Stock on 1-4-2011	25,000	
Establishment expenses	15,000	
Freight inward	2,000	
Freight outward	1,050	
Bank overdraft		25,000
Commission received		7,500
Sundry debtors	28,000	
Bank balance	20,500	
Sundry creditors		15,000
	2,47,500	2,47,500

Adjustments:

- i) Closing stock valued at Rs. 25,000.
- ii) Depreciate building by 10% and furniture by 5%.
- iii) Provide a Reserve for Bad debts @ 5%.
- iv) Provide for discount on debtors and creditors @ 3%.

4. a) What are different types of Ratios? Explain their uses.

OR

b) From the following Balance sheet of a Limited Company for the year ended on 31-3-2011 and 2012, prepare Comparative Balance sheet and comment on the achievements in the year, 2012.

	31-3-2011	31-3-2012
	Rs.	Rs.
Equity share capital	5,00,000	10,00,000
Preference share capital	1,00,000	2,00,000
General reserve	1,00,000	2,50,000
Creditors	1,00,000	2,00,000
Outstanding expenses	50,000	50,000
Profit and Loss a/c (Cr balance)	2,00,000	3,00,000
	10, 50, 000	20, 00, 000

Fixed assets	4,00,000	10,00, 000
Investments	3,00,000	1,00, 000
Debtors	2,00,000	4,00, 000
Stock	1,00,000	4,00, 000
Cash	50,000	1,00, 000
	10,50,000	20, 00, 000

5. a) What is Cost-Volume Profit analysis? And state its applications.

OR

b) Excellent Company is currently working at 50% capacity and produces 10,000 units.

At 60% capacity, raw material cost increases by 2% and selling price falls by 2%. At 80% working, raw material cost increases by 5% and selling price falls by 5%. At 50% capacity working, the product costs Rs. 180 per unit and is sold at Rs. 200 per unit.

The unit cost of Rs. 180 is made up as follows.

Materials	Rs. 100
Wages	Rs. 30
Factory overheads	Rs. 30 (40% fixed)
Administrative overheads	Rs.20 (50% fixed)

You are required to work out the material cost, fixed cost, total cost and profit for three capacity levels.

6. a) Discuss about different types of Budgets and their advantages

OR

b) ABC company Ltd. has given the following particulars. You are required to prepare a cash budget for the three months ending December 31, 2011.

i)

Months	Sales	Materials	Wages	Overheads
August	20,000	10,200	3,800	1,900
September	21,000	10,000	3,800	2,100
October	23,000	9,800	4,000	2,300
November	25,000	10,000	4,200	2,400
December	30,000	10,800	4,500	2,500

ii) Credit terms are;

Sales/Debtors- 10% sales are on cash basis 50% of credit sales are collected next months and the balance in the following month:

Creditors - materials 2 months

- wages 1/5 month
- Overheads 1/2 month
- iii) Cash balance on 1st October, 2011 is expected to be Rs. 8,000.
- iv) Machinery has been installed in August, 2011 at a cost of Rs. 1,00,000. The monthly installment of Rs. 5,000 is payable from October onwards.
- v) Dividend at 10% on preference share capital of Rs. 3,00,000 will be paid on 1st December, 2011.
- vi) Advance to be received for sale of vehicle of Rs. 20,000 in December.
- vii) Income-tax (advance) to be paid in December Rs. 5,000.

SECTION – C

7. Case Study

1 x 10 = 10 M

The following data are available in a manufacturing company for a yearly period.

Fixed expenses	Rs. (lakhs)
Wages and salaries	9.5
Rent, rates and taxes	6.6
Depreciation	7.4
Sundry administrative expenses	6.5
Semi-variable expenses (at 50% of capacity)	
Maintenance and repairs	3.5
Indirect labour	7.9
Sales department salaries	3.8
Sundry administrative expenses	2.8
Variable expenses (at 50% of capacity)	
Material	21.7
Labour	20.4
Other expenses	7.9

Assume that the fixed expenses remain constant for all levels of production, semi-variable expenses remain constant between 45% and 65% of capacity, increase by 10% between 65% and 80% capacity and increase by 20% between 80% and 100% capacity. Sales at various levels are:

	Rs. (lakhs)
50% capacity	100
60% capacity	120
75% capacity	150
90% capacity	180
100% capacity	200

Prepare a flexible budget for the year and forecast the profit at 60%, 75%, 90% and 100% of capacity.