

MBA 03 R

M.B.A. DEGREE EXAMINATION, JUNE 2013.

First Semester

General, Finance, Marketing, HRM, IB, RM, Tourism

ACCOUNTING FOR MANAGERS

(2012-13 Batch onwards)

Time : Three hours Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. What are the objectives of accounting?
2. Explain the accounting conventions in detail.
3. Explain the internal and external causes of depreciation.
4. What are the profitability ratios and its significance?
5. What are the uses of fund flow statement?
6. Explain briefly the applications of marginal costing technique.
7. What are the types of variances?
8. What are the uses of cost accounting?

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. From the under mentioned balances, prepare a trial balance as on 31.3.2007.

Particulars	Amount Rs.	Particulars	Amount Rs.
Cash in hand	4,800	Furniture	60,000
Purchases	4,80,000	Bills receivable	80,000
Opening stock	1,40,000	Salaries	80,000
Sundry creditors	96,000	Capital	4,00,000
		Bills payable	88,000
Machinery	2,40,000	Sundry debtors	2,00,000
Wages	64,000	Rent	40,000
Sales	8,04,000		

10. The following balances are extracted from the books of M/S. Satyam & Co., on 31st December 2003. Prepare Trading, Profit and Loss Account for the year ended and a Balance Sheet as on that date.

Particulars	Rs.	Particulars	Rs.
Carriage outwards	580	Capital	7,160
Commission	320	Creditors	7,860
Carriage inwards	320	Commission	160
Wages	1,120	Bills payable	1,200

PART C — (1 × 20 = 20 marks)

17. Case Study : (Compulsory)

The following details were extracted from the budgeted for the forthcoming year.

Particulars	Rs.	Rs.
Sales (40,000 Units x Rs.9)		3,60,000
Direct materials	1,20,000	—
Direct labour	80,000	—
Variable expenses	40,000	—
Fixed overheads	1,00,000	3,40,000
Net Profit	—	20,000

In order to improve the amount of net profit budgeted, it is proposed to reduce the selling price from Rs.9 to Rs.8 per unit. It is anticipated that if this reduction is made, the volume of sales would increase by 30,000 units.

Assuming that if the selling price were reduced as suggested, calculate the net profit that will be achieved.

16. The following details have been obtained from the cost records of Adhith Limited :

Particulars	Amount Rs.
Stock of raw materials 1.1.2005	75,000
Stock of raw materials 31.12.2005	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work in progress 1.12.2005	28,000
Work in progress 31.12.2005	35,000
Purchase of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and tax	2,500
Travelers wages and commission	6,500
Stock of finished goods 1.12.2005	54,000
Stock of finished goods 31.12.2005	31,000

Prepare a cost sheet showing the maximum possible break up of costs and profit.

Particulars	Rs.	Particulars	Rs.
Purchases	15,600	Sales	20,000
Insurance	440	Return	200
Rent and taxes	440	outwards	
Cash at bank	1,900		
Returns inwards	520		
Stationery	180		
Interest on capital	280		
Stock on 1 st January 2003	400		
Bills receivable	1,800		
Sundry Debtors	12,000		
Trade expenses	80		
Office Furniture	400		
Cash in hand	200		
	<u>36,580</u>		<u>36,580</u>

The closing stock was valued at Rs.10,000.

11. A five year lease worth Rs.30,000 is to be depreciated by annuity system, the unwritten balance of the asset bearing interest at 5%. The annual amount to be written off as shown by the annuity table is 6,929.24. Show the working of the lease account for the five years.

12. From the following information make out a Balance Sheet with as much details as possible.

Current Ration	2.5		
Liquid Ratio	1.5		
Proprietary Ratio	0.75 (Assets / Proprietary Fund)		
Working Capital	Rs.60,000		
Bank Overdraft	Rs.10,000		
Reserves and Surplus	Rs.40,000		

There is no long term or fictitious assets.

13. From the following balance sheet prepare fund flow statement.

Liabilities	2003	2004	Assets	2003	2004
	Rs.	Rs.		Rs.	Rs.
Share capital	60,000	65,000	Plant and Machinery	60,000	50,000
Profit and Loss account	34,000	26,000	Current assets	16,000	19,000
Current liabilities	12,000	3,000	Goodwill	30,000	25,000
Total	1,06,000	94,000	Total	1,06,000	94,000

Additional information :

- (a) Depreciation of Rs.20,000 on plant and machinery was charged to profit and loss account
- (b) Dividend of Rs. 12,000 were paid during the year

14. From the following information relating to Quick Standards Limited, you are required to find out

- (a) P. V. Ratio,
 - (b) Break even point,
 - (c) Profit,
 - (d) Margin of safety
- | | |
|----------------------|-----------|
| Total fixed costs | Rs.4,500 |
| Total Variable costs | Rs.7,500 |
| Total Sales | Rs.15,000 |

(e) Also calculate the volume of sales to earn profit of Rs.6,000.

15. Margin of safety Rs. 10,000, which represent 40% of sales, P.V. Ratio 50%. Calculate

- (a) Sales
- (b) Break even sales
- (c) Fixed cost
- (d) Profit.