

Code No: MB1313 /R13

**MBA I Semester Supplementary Examinations, January-2018****ACCOUNTING FOR MANAGERS****Time: 3 Hours****Max. Marks: 60**

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*Answer Any FIVE Questions  
All Questions Carry Equal Marks  
Question No. 8 is Compulsory*

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1. a Describe briefly the basic accounting concepts and fundamental accounting assumptions? 06M
- b Explain the role of an accountant in the present- day economy. 06M
2. a What is tax planning? Explain the Corporate tax structure. 06M
- b The following is the Trial Balance of Ram Lal on December 31<sup>st</sup>,2009. 06M

Particulars	Debit(Rs.)	Credit(Rs.)
Bank	7,500	
Purchases(Adjusted)	34,96,000	
Salaries	21,000	
Carriage on sales	2,500	
Carriage on purchases	2,000	
Lighting	1,500	
Buildings	1,35,000	
Rates and Taxes	2,000	
Sundry Debtors	40,000	
Furniture	30,000	
Cash in hand	1,250	
Bills receivable	7,500	
Stock(31 <sup>st</sup> December,2009)	3,06,250	
Capital		2,00,000
Bills payable		50,000
Loan		1,00,000
Sales		36,00,000
Discount		2,000
Commission		500
Sundry Creditors		1,00,000

Adjustments:

1. Rates have been prepaid to the extent of Rs.600.
2. During the year, bad debts amounted to Rs.2,500.
3. A provision @ 5% has to be made on debtors. Buildings have to be depreciated at 2% and furniture's at 10%. Prepare Trading and Profit and Loss Account and Balance Sheet as on 31st December,2009.

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3. a What is the need for financial analysis? How does the Ratio Analysis technique help in the financial analysis? 06M

b Given: 06M

Receivables turnover = 4  
 Payables turnover = 6  
 Inventory turnover = 8  
 Capital turnover Ratio = 2 times  
 Fixed assets turnover Ratio = 8 times  
 Gross Profit Ratio = 25%

Gross Profit during the year amounts to Rs.80,000. There is no long-term loan or overdraft. Reserves and surplus amount to Rs.28,000. Ending inventory of the year is Rs.2,000 above the beginning inventory. Notes receivables amount to Rs.5,000 and notes payables are Rs.2,000

Prepare a Balance Sheet on the basis of the information given above.

4. a Explain the meaning of a Cash Flow Statement. Discuss its Utility? 06M

b From the following balance sheet of a company, you are required to prepare (i) a statement showing changes in the working capital and (ii) a statement of sources and application of funds: 06M

Liabilities	Jan,2004 (Rs)	Dec,2004 (Rs.)	Assets	Jan,2004 (Rs)	Dec,2004 (Rs.)
Current Liabilities	30,000	32,000	Cash	40,000	44,400
Bonds Payable	20,000	20,200	Accounts receivables	10,000	20,700
Capital	35,000	43,500	Inventories	15,000	15,000
Retained earnings	15,000	19,500	Land	4,000	4,000
			Building	20,000	16,000
			Equipment	15,000	17,000
			Accumulated Depreciation	(5000)	(2800)
			Patents	1000	900
<b>Total</b>	<b>1,00,000</b>	<b>1,15,200</b>		<b>1,00,000</b>	<b>1,15,200</b>

Additional Information:

- Income for the period Rs.10,000
- A building that cost Rs.4,000 and which had a book value of Rs.1,000 was sold for Rs.1,400.
- The depreciation charge for the period was Rs.800.
- There was a Rs.5,000 issue of common stock.
- Cash dividends Rs.2,000 and Rs. 3,500 stock dividend were declared.

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5. a What are the main features of Unit Costing? Name the undertakings to which they are most suited. 06M
- b A manufacturing concern requires a statement showing the result of its production operation for September,2008. Cost records give the following information: 06M

Particulars	1st September,2008 (Rs.)	30 <sup>th</sup> September,2008 (Rs.)
Raw Materials	1,00,000	1,23,500
Finished Goods	71,500	42,000
Work in Progress	31,000	34,500
Transactions during the month of September,2008:		
Purchase of Raw materials		88,000
Direct Wages		70,000
Indirect Wages		2,500
Works Expenses		37,000
Administration Expenses		13,000
Sale of Factory Scrap		2,000
Selling and Distribution expenses		15,000
Sales		2,84,000

6. a What is meant by Break-even point? Explain it through a graph? 06M
- b The Following figures of sales and profits for two periods are available in respect of a concern: 06M

Particulars	Sales (Rs.)	Profit(Rs.)
Period-I	1,00,000	15,000
Period-II	1,20,000	23,000

You required to find out:

- P/V Ratio
  - Fixed Cost
  - Break-even Point
  - Profit at an estimated sale of Rs.1,25,000
  - Sales required to earn a profit of Rs.20,000
7. a Explain the meaning of 'relevant costs'. What are the Characteristics of such costs? 06M
- b What is Standard Costing? Differentiate between Standard Costing and historical costing. 06M

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8. **Case Study:**

12M

A company engaged in the manufacturing radios incurs Rs.6.25 per piece for producing part A. But the same part is available for at Rs.5.75 only per piece in the market. Its supply will also be alright. Particulars of expenses are as follows:

Materials per piece	Rs.2.75
Labour Per piece	Rs.1.75
Other variable expenses per piece	Rs.0.50
Depreciation and fixed overheads Per piece	Rs.1.25
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	Rs.6.25
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- i. Do you manufacture that part or purchase it in the market?
- ii. In case the supplier offers the same at Rs.4.85 only per piece, what is your decision.

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