MBAC 1003

M.B.A. DEGREE EXAMINATION, DECEMBER 2019.

First Semester

General (Common)

ACCOUNTING FOR MANAGERS

Time : Three hours Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What is accounting?

2. What is the difference between double entry system and single entry system?

3. Why is the necessary to provide depreciation?

4. Discuss the advantages and limitations of ratio analysis.

5. Explain "funds from operation". How is it computed?

6. Why managerial costing is calculated?

7. Discuss briefly CVP analysis with examples.

8. MK works can produce 60000 units per annum at its optimum (100%) capacity estimated coat of production are as under

Direct material Rs. 3 per unit

Direct labour Rs. 2 per unit

Indirect expenses :

Fixed Rs. 1,50,000 per annum

Variable Rs. 5 per unit

Semi variable : Rs. 50,000 per annum up to 50% capacity and extra expenses of Rs. 10,000 for every 254% increase in capacity on part there of the factory produced only against orders and not for own stock. If the production programme of the factory is as indicated below and the management desires to ensure a profit of Rs. 1,00,000 for the year, work out the average selling price at which each unit should be quoted.

First 3 month of the year 50% of the capacity

Remaining 9 months 80% of the capacity

Ignore selling, distribution and administration over heads.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. What do you mean by accounting concepts? Explain any two concepts.

10. Enumerate the various types of subsidiary books and briefly describe their scope.

11. Briefly describe any six methods of providing depreciation.

12. ABC and company purchased a machine on 1st July 2008 at cost of Rs. 53,000 and spend Rs. 2,000 on its installation. The firm writes off depreciation at 20% of the original cost every year. The books are closed on 31st December every year. Prepare the machinery account and depreciation account for year 2008 and 2009 by straight line method and by diminishing balance method. State which is the best method.

13. Briefly explain the meaning and significance of the following ratios

(a) Operating ratio

(b) Liquidity ratio

(c) Stock turn out ratio

14. Which are the various sources and uses of cash flows from operating activities? Enumerate the uses and limitations of cash flows statements.

15. Briefly narrate the applications of managerial costing techniques.

16. Explain the elements of costs with suitable examples.

PART C — (1 × 20 = 20 marks)

Compulsory.

17. The following is the trial balance of Anand as on 31st December, 2017 :

Particulars	Debits (Rs.)	Credit (Rs.)
Capital		14,00,000
Drawings	75,000	
Opening stocks	80,000	
Purchases	16,20,000	
Freights on purchases	15,000	
Wages	1,10,000	
Sales		25,00,000
Salaries	1,00,000	
Traveling expenses	23,000	
Miscellaneous expenses	35,000	
Printing & stationary	27,000	

Particulars	Debits (Rs.)	Credit (Rs.)
Advertising expenses	25,000	
Postage and telegram	13,000	
Discounts	7,600	14,500
Bad debts written off (after adjusting recovery of bad debts of Rs. 6,000 written on 2015)	14,000	
Building	10,00,000	
Machinery	75,000	
Furniture	40,000	
Debtors	1,50,000	
Provisions for doubtful debts		19,000
Creditors		1,60,000
Investment 12% purchased on 1-12-2017	6,00,000	
Bank balance	83,900	
Total	40,93,500	40,93,500

Adjustments :

(a) Closing stock Rs. 2,25,000

(b) Goods of Rs. 5,000 were taken for personal use, but no entry was made in the books

(c) Machinery of Rs. 35,000 purchased on 1-1-2016 was wrongly written off against profit and loss account. This asset is to be brought into account on 1-1-2017 taking depreciation at 10% per annum on straight line basis up to 31-12-2016

10 (d) Depreciation building at 2.5% per annum, machinery at 10% per annum furniture at 10% per annum

(e) Provisions for doubtful debts should be 6% on debts

(f) The manager is entitled to a commission of 5% of net profit after charging his commission.

Prepare trading and profit and loss account for the year ending 31st December 2017 and balance sheet as at that date.