

MBAC 1003

M.B.A. DEGREE EXAMINATION, JANUARY 2022.

First Semester – First Year

General

ACCOUNTING FOR MANAGERS

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What are the distinct stages in Final Accounts and what is the result of each such stage?
2. What are the difference between Trading Account and Profit and Loss Accounts?
3. A company purchased a second hand plan for Rs.30,000. It immediately spent on it Rs.5,000. The plant was put to use on 1-1-1990. After having used it for six years, it was sold for Rs. 15,000. You are required to prepare the plant A/c for 6 years, providing depreciation at 10% on original cost.

4. Calculate funds from operation from the following particulars.
- (a) Net profit for the year ended 31.3.2000 Rs.6,50,000
 - (b) Profit on sale of buildings Rs.40,000
 - (c) Goodwill written off during the year Rs.10,000
 - (d) Old machinery worth Rs.8,000 has been sold for Rs.6,500
 - (e) Depreciation has been provided on plant at 20% per year. The value of plant is Rs.5,00,000
5. Prepare a schedule of changes in working capital from the following balance sheet data given

Balance sheets

| Liabilities | 31.12.96 | 31.12.97 | Assets | 31.12.96 | 31.12.97 |
|-----------------|----------|----------|----------------|----------|----------|
| Share capital | 3,00,000 | 3,75,000 | Machinery | 70,000 | 1,00,000 |
| Creditors | 1,06,000 | 70,000 | Stock in trade | 1,21,000 | 1,36,000 |
| Profit and Loss | 14,000 | 31,000 | Debtors | 1,81,000 | 1,70,000 |
| | | | Cash | 48,000 | 70,000 |
| | 4,20,000 | 4,76,000 | | 4,20,000 | 4,76,000 |

6. What are the benefits of a find flow statements?
7. From the following data, you are required to calculate :
- (a) P/V ratio
 - (b) Break-Even sales with the help of P/V ratio.

(c) Sales required to earn a profit of Rs.4,50,000

Fixed expenses - Rs.90,000

Variable cost per Unit :

Direct Material - Rs.5

Direct Labour - Rs.2

Direct Overheads - 100% of Direct Labour

Selling Price Per Unit - Rs.12

8. The standard materials required for producing 100 units is 120 kgs. A standard price of 0.50 Paise per Kg is fixed and 240000 units were produced during the period. Actual Materials purchased were 300000 Kgs. at a cost of Rs. 1,65,000. Calculate Material Variance.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the 'Steps in the process of Accounting' in detail.
10. Explain the importance of 'Money Measurement Concept'.
11. Explain the managerial applications of marginal costing.

12. A company whose accounting year is the calendar purchased on 1-1-93 a machine for Rs.40,000. It purchased further machinery on 1st Oct 1993 for Rs.20,000 and on 1st July 1994 for Rs. 10,000. On 1-7-95 1/4th of the machinery installed on 1-1-93 became obsolete and was sold for Rs.6800. Show how the machinery account would appear in the books of the company for all the 3 years under diminishing balance method. Depreciation is to be provided at 10% pa.

13. From the following data. Calculate Labour Variance

The budgeted labour force for producing product A is :

20 semi-skilled workers @P.0.75 per hour for 50 hours

10 skilled workers @ Rs. 1.25 per hour for 50 hours

The actual labour force employed for producing A is :

22 semi-skilled workers @P. 0.80 per hour for 50 hours

8 skilled workers @Rs. 1.20 per hour for 50 hours.

14. The following data are available from the records of a company.

Sales = Rs.60,000;

Variable cost = Rs. 30,000;

Fixed Cost = Rs. 15,000.

You are required to

- (a) Calculate the P/V Ratio, Break-Even Point and Margin of Safety at this level.
- (b) Calculate the effect of 10% increase in sale price.
- (c) Calculate the effect of 10% decrease in sale price.

15. From the following Trial Balance of Thiru. Rehman as on 31st March 1995. Prepare Trading and Profit and Loss Account and Balance Sheet taking into account the adjustments.

| Debit Balance | Rs. | Credit Balance | Rs. |
|------------------|--------|------------------|--------|
| Land & Buildings | 42,000 | Capital | 62,000 |
| Machinery | 20,000 | Sales | 98,780 |
| Patents | 7,500 | Return outwards | 500 |
| Stock 1-4-94 | 5,760 | Sundry creditors | 6,300 |
| Sundry debtors | 14,500 | Bills payable | 9,000 |

| Debit Balance | Rs. | Credit Balance | Rs. |
|-----------------------|----------|----------------|----------|
| Purchases | 40,675 | | |
| Cash in hand | 540 | | |
| Cash at bank | 2,630 | | |
| Return inwards | 680 | | |
| Wages | 8,480 | | |
| Fuel & power | 4,730 | | |
| Carriage on sales | 3,200 | | |
| Carriage on purchases | 2,040 | | |
| Salaries | 15,000 | | |
| General expenses | 3,000 | | |
| Insurance | 600 | | |
| Drawings | 5,245 | | |
| | 1,76,580 | | 1,76,580 |

Adjustments :

- (a) Stock on 31-3-1995 was Rs.6,800
- (b) Salary outstanding Rs.1500
- (c) Insurance prepaid Rs.150
- (d) Depreciate machinery @10% and patents @20%
- (e) Create a provision of 2% on debtors for bad debts.

16. From the following balance sheet as on 31-12-93 and 31-12-92. Prepare A Cash Flow Statement.

| Balance sheet | | | | | |
|----------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Liabilities | 1993 | 1992 | Assets | 1992 | 1993 |
| Share capital | 150000 | 1,00,000 | Fixed assets | 1,50,000 | 1,00,000 |
| Profit and loss a/c | 80,000 | 50,000 | Goodwill | 40,000 | 50,000 |
| General reserve | 40,000 | 30,000 | Stock | 80,000 | 30,000 |
| 6% debentures | 60,000 | 50,000 | Debtors | 80,000 | 50,000 |
| Creditors | 40,000 | 30,000 | Bills receivable | 20,000 | 30,000 |
| Outstanding expenses | 15,000 | 10,000 | Bank | 15,000 | 10,000 |
| Total | <u>3,85,000</u> | <u>2,70,000</u> | Total | <u>3,85,000</u> | <u>2,70,000</u> |

PART C — (1 × 20 = 20 marks)

Compulsory

17. Operations of Jayathi Co Lts. In 2001 disclosed a margin of safety ratio of 20% and a contribution margin ratio of 60%.
- (a) Calculate the net income for 2001 assuming the fixed costs to be (i) Rs.60,000 and (ii) Rs.24,000
- (b) Present income statement to prove your answer to question (a)