

H 1030

M.B.A. DEGREE EXAMINATION, JUNE 2014.

First Semester

Marketing/Finance/IB/HRM

ACCOUNTING FOR MANAGERS

Time : Three hours

Maximum : 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What do you mean by accounting cycle?
2. What is a trial balance? What are the objectives of preparing a trial balance?
3. What do you mean by ratio analysis?
4. Mr. Ashok purchased a machine for Rs. 25,000 on 1st January 1998. Its probable working life was estimated at 10 years and its probable scrap value at the end of that time is Rs. 5,000. Find out the depreciation rate and amount.
5. What is margin of safety? How it is calculated?
6. What do you understand by the term "Break - Even Analysis"?

7. What are the elements of cost?
8. Prepare a cost sheet Raw material consumed Rs. 80,000. Wages Rs. 20,000; Factory expenses is charged at 100% wages: Office overheads charged at 20% on factory cost.

SECTION B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. What is double entry system of book keeping? Explain its advantages.
10. On 1st January 2003 a limited company purchased machinery for Rs. 12,000 and on 30th June 2004, it acquired additional machinery at a cost of Rs. 2,000. On 31st March, 2005 one of the original machines which had cost of Rs. 500 was found to have become obsolete and was sold as scrap for Rs. 50. It was replaced on that date by a new machine costing Rs. 800 depreciation to, be provided at the rate of 15% per annum on the written down value. Show ledger accounts for the first three years.
11. Discuss the management uses of funds flow statement. What are its limitations?

Packing	Rs.	600
Loans		42,400
Debtors		3,800
Purchases		16,800
Salaries		16,500
Discount received		200
Patents		12,000
Furniture		4,700
Advertising		1,800
Trucks		18,500

Provide for 15% depreciation on plant. Write off patents by one third. An amount of Rs. 850 was due to workers. An over payment of Rs. 200 was made to the salesman towards commission. The Insurance Company agreed meet the losses on fire totally. Closing stock was value at Rs. 3,700.

12. From the following details available prepare a summarized balance sheet of Jamal Ltd., as at 31st December 2006.

- Current ratio 5:2;
- Acid test ratio 3:2;
- Fixed assets to net worth 0.75:1;
- Reserves to share capital 1:4
- Current liabilities Rs. 2,00,000
- Cash and bank balance Rs. 10,000
- Fixed assets Rs. 6,00,000.

13. From the following balance sheets prepare fund flow statement:

	31 st Dec. 2003		31 st Dec. 2004		31 st Dec. 2003		31 st Dec. 2004	
	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets
Share capital	3,00,000	4,00,000	Machinery	50,000	60,000			
Creditors	1,00,000	70,000	Furniture	10,000	15,000			
Profit and loss a/c	15,000	30,000	Stock	85,000	1,05,000			
			Debtors	1,60,000	1,50,000			
			Cash	1,10,000	1,70,000			
	<u>4,15,000</u>	<u>5,00,000</u>		<u>4,15,000</u>	<u>5,00,000</u>			

SECTION C — (20 marks)

Compulsory

14. State the primary objectives of installation of a costing system. What practical difficulties would you meet while installing the costing system?

15. From the following information relating to quick standards Ltd., you are required to find out

(a) P. V. Ratio

(b) Break- even-point.

(c) Profit

(d) Margin of safety and

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

Total Fixed Costs Rs.4,500; Total Variable Cost Rs.7,500; Total Sales Rs.15,000.

16. Ascertain the cost and selling price from the following:

Materials consumed Rs. 6,000; wages paid Rs. 9,000; works on cost 50% on wages; office on cost 20% on work cost; selling on cost 10% on work cost and profit 20% on cost.

17. From the following particulars taken from Ramesh's books prepare trading and profit and loss account for the year ended 31st December 2008 and the balance sheet as on that date

	Rs.
Land and buildings	47,000
Sales	94,500
Wages	23,900
Sales returns	400
Opening stock	6,500
Salesman's commission	1,300
Carriage inwards	400
Travelling expences	8,500
Cash and bank	7,900
Bills receivable	1,200
Creditors	5,200
Loss by fire	500
Plant	35,000
Bank	5,600