

Reg. No. :

D 1166

Q.P. Code : [07 DMB 03]

(For the candidates admitted from 2007 onwards)

M.B.A. DEGREE EXAMINATION, DECEMBER 2010.

First Year

ACCOUNTING AND FINANCE FOR MANAGERS

Time : Three hours

Maximum : 100 marks

Answer any FIVE questions.

(5 × 20 = 100)

1. From the following Trial Balance of Anil prepare trading and profit and loss account for the year ended December 31st 2008 and a balance sheet as on that date :

	Trial Balance	
Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	

Particulars	Debit (Rs.)	Credit (Rs.)
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank Balance	4,500	
Cash	2,000	
Stock 1.1.2008	5,200	
Debtors	2,500	
Creditors	-	1,000
	66,000	66,000

Adjustments :

- (a) Stock on 31.12.2008 Rs. 4,900
 (b) Salaries unpaid Rs. 300
 (c) Rent paid in advance Rs. 200
 (d) Insurance prepaid Rs. 90.

- Define depreciation. What are the causes for depreciation?
- Describe the modern quantitative techniques that may be used in risk management.
- Explain the various factors which influence the dividend decision of a firm.

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- From the following balance sheets of ABC Company Ltd., you are required to prepare funds flow statement.

Liabilities	31.12.08 (Rs.)	31.12.09 (Rs.)	Assets	31.12.08 (Rs.)	31.12.09 (Rs.)
Share capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Reserve for bad debts	700	800	Stock	49,200	42,700
Trade creditors	10,360	11,840	Land	20,000	30,000
Profit and loss a/c	10,040	10,560	Goodwill	10,000	5,000
	1,03,100	1,03,200		1,03,100	1,03,200

Additional information

- (a) Dividend paid Rs. 3500 ;
 (b) During the year land purchased for Rs. 10000

- ABC Ltd Manufactures and sells four types of products under the brand names of P, Q, R and S. The sales mix in value comprises of 33 1/3%; 41 2/3%; 16 2/3% and 8 1/3% of products P, Q, R and S respectively. The total budgeted sales (100%) are Rs. 60000. Operating costs are. Variable costs: product P 60% of the selling Price

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Q 68% of the selling Price

R 80% of the selling Price

S 40% of the selling Price

Fixed cost Rs. 14700 per month

Calculate the breakeven point for the products on an overall basis.

7. 'Ratio analysis is a tool to examine the health of business with a view to make financial results more intelligible'. Explain.
8. Explain briefly the essentials of a sound working capital management.
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