

MBAC 1003/MBLC 1001

M.B.A. DEGREE EXAMINATION,
DECEMBER 2015/JANUARY 2016.

First Semester

General/Marketing/Finance/IB/HRM/RM/Tourism

ACCOUNTING FOR MANAGERS

(2012-13 Batches)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain the relation between journal and ledger.
2. What are the causes for depreciation?
3. What are the objectives of fund flow statement?
4. Prepare a trading account for the year ended 31st Dec. 2010.

Opening stock Rs. 5,700, Purchases Rs. 1,58,000,
Purchases returns Rs. 900, Sales Rs. 2,62,000,
Sales Returns Rs. 600, Closing stock was valued at
Rs. 8,600.

5. Karakudi club is started on January 1, 1973. During the year ending 31st Dec. 1973, its receipts and payments were as under.

Receipts : Subscriptions Rs. 3,500, Donations Rs. 1,200.

Payments : Investments Rs. 1,500, Rent Rs. 900, Printing and stationery Rs. 250, Salary Rs. 360, Postage Rs. 80, Sundries Rs. 310.

On December 31, 1973, cash and bank balance were Rs. 50 and Rs. 1,250 respectively. Prepare Receipts and payments A/c for the year 1973.

6. Calculate :

- (a) N.P. ratio and
 (b) Administration expenses ratio, sales Rs. 10,000

	P and L A/c	
	Rs.	Rs.
To Admn. expenses	1,600	By Gross profit
To Selling expenses	300	
To Finance expenses	100	
To Net profit	500	
	2,500	2,500

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Material	Rs. 20
Labour	
Skilled (fixed)	10
Unskilled labour	10
Variable overhead	10
Fixed overhead	20
Total	70 units

- (a) Advise the management whether to accept the order or not.
 (b) What will be your advice if the order has come from the local merchant?
 (c) If there is temporary face in demand what will be the minimum price to be charged?

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- (c) Profit when sales are Rs. 1,00,000
 (d) Sales required to earn a profit of Rs. 20,000.

(e) Margin of safety

Period	Sales	Profit
I	Rs. 1,20,000	Rs. 9,000
II	Rs. 1,40,000	Rs. 13,000

16. The accounts of a machine manufacturing company discloses the following information for the six months ending 31st Dec. 2010.
 Materials used Rs. 1,50,000; Direct wages Rs. 1,20,000; Factory overheads Rs. 30,000 and Administrative expenses Rs. 15,000.

Prepare the cost sheet of the machines and calculate the price which the company should quote for the manufacture of a machine requiring materials valued Rs. 1,250 and expenditure in productive wages Rs. 750, so that the price might yield a profit of 20% on the selling price.

PART C — (20 marks)

17. Case study — Compulsory :

A company producing 40,000 units of 'X' working at 80% capacity receives an order from a foreign dealer for 10,000 units at Rs. 50 per unit although the local price is Rs. 90 per unit.

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7. Calculate BEP; fixed expenses Rs. 1,50,000 variable cost per unit Rs. 10, selling price per unit Rs. 15.

8. Calculate :

- (a) Material cost variance and
 (b) Material price variance.

To manufacture 1,000 units standard material used 400 kg at Rs. 2.50 per k.g.

When 2000 units are produced, actual material used is 820 k.g at Rs. 2.60 per k.g.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the features of Receipts and payments accounts.
 10. What are the limitations of ratio analysis?
 11. What are the uses of funds flow statement?

12. Journalise the following transactions :

February	Rs.
1 Bought goods from Senthil for cash	730
2 Bought machinery	6,700
3 Paid for stationery	120

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February

	Rs.
4 Bought goods from Arumugam	875
5 Received five chairs from Godrej co.	225
6 Bought packing materials from Umanath and Co.	175

13. The ratios relating to Merro Ltd. are given as follows :

G.P. ratio 30%

Stock velocity 6 months

Debtor's velocity 3 months

Creditors velocity 3 months; Gross profit for the year ending Dec 31, 2006 amounts to Rs. 1,20,000. Closing stock is equal to opening stock.

Find out :

- (a) Sales
- (b) Closing stock
- (c) Sundry debtors and
- (d) Sundry creditors.

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14. A company's reported current profit is Rs. 20,000 after incorporating the following :

	Rs.
Loss on sale of equipment	10,000
Premium on redemption of debentures	1,500
Discount on issue of debentures	2,000
Depreciation on machinery	10,000
Depletion of natural resources	5,000
Amortisation of goodwill	9,000
Interim dividend	6,000
Gain on sales of fixed assets	42,000
Excess prov. for tax	12,000
Dividend income on investment	14,000
TV to general reserve	5,000
Preliminary expenses	1,000
Profit on revaluation of investments	42,500

Derive the flow of funds from the operations.

15. Assuming that the cost structure and selling price remain the same in period I and II find out :

- (a) P/V ratio
- (b) Fixed cost

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