

## MBAC 1003 / MBLC 1001

M.B.A. DEGREE EXAMINATION,  
JUNE 2015.

First Semester

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

ACCOUNTING FOR MANAGERS

(2012 – 2013 Batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. What is 'Journal'? Discuss briefly, its process.
2. Explain the golden rules of Double Entry System.
3. "Depreciation Accounting is a process of allocation and not of valuation". Comment.
4. What are the limitations of funds flow statement?
5. How will you calculate cash from operations?

6. Distinguish between marginal costing Vs. ducit costing.

7. Distinguish between Product Cost and Period Cost.

8. Describe the material mix variance.

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. What do you mean by Accounting 'Concepts' and 'Conventions'? Describe in brief various Accounting Concepts and Conventions.

10. How does depreciation differ from

(a) Obsolescence

(b) Fluctuations

(c) Replacement

(d) Repairs

(e) Renewals.

11. You are supplied with the following information from the records of M/S. Anand Probhat Ltd. for the year ending Dec, 31, 2002.

Rs.

(a) Trade debtors at the end of the year	90,000
(b) Trade creditors at the beginning of the year	25,000
(c) Trade creditors at the end of the year	45,000
(d) Net working capital	1,20,000
(e) Stock turnover ratio	5.0 times
(f) Sales for the year 2002	5,00,000
(g) Gross profit ratio	20% on sales

Calculate

(i) Average stock

(ii) Purchases

(iii) Average Payment Period

(iv) Average Collection period

(v) Creditors Turnover Ratio

(vi) Working Capital Turnover Ratio.

12. Define a Cash Flow Statement. Distinguish between 'Funds Flow' and 'Cash Flow'.

13. The following are the summaries of the Balance Sheet of a limited Company as at 31<sup>st</sup> December 2001 and 31<sup>st</sup> December 2002.

	2001	2002
	Rs.	Rs.
Sundry creditors	39,800	41,135
Bills Payable	33,780	11,525
Bank Overdraft	59,510	—
Provision for Taxation	40,000	50,000
Reserves	50,000	50,000
Profit and Loss Account	39,390	41,220
Share capital	2,00,000	2,60,000
	<u>4,62,480</u>	<u>4,53,880</u>
	Rs.	Rs.
Cash at Bank	2,500	2,700
Sundry Debtors	85,175	72,625
Sundry Advances	2,315	735
Stock	1,11,040	97,370
Land and Buildings	1,48,500	1,44,250
Plant and Machinery	1,12,950	1,16,200
Goodwill	—	20,000
	<u>4,62,480</u>	<u>4,53,880</u>

The following additional information is obtained from the general ledger.

- During the year ended 31<sup>st</sup> December, 2002 an interim dividend of Rs. 26,000 was paid.
- The assets of the other Company were purchased for Rs. 60,000 payable in fully paid shares of the Company. These assets consisted of stock Rs. 21,640, machinery Rs. 18,360 and goodwill Rs. 20,000. In addition, sundry purchases of plant were made totalling Rs. 5,650.
- Income tax paid during the year amounted to Rs. 25,000.
- The net profit for the year before tax was Rs. 62,530.

You are required to prepare a statement showing the sources and applications of funds for the year 2002 and a schedule setting out changes in working capital.

14. A factory engaged in manufacturing plastic buckets in working at 40% capacity and produces 10,000 buckets per annum.

The present cost break-up for one bucket is as under:

	Rs.
Material	10
Labour Cost	3
Overhead	5 (60% fixed)

The selling price is Rs. 20 per bucket. If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity selling price falls by 5% accompanied by a similar fall in the prices of material.

You are required to calculate the profit at 50% and 90% capacities and also calculate break-even points for the capacity production.

15. The following figures have been obtained from the cost records of Rio Manufacturing Company for the year 2002.

	Rs.
Cost of materials	2,40,000
Wages of labour	2,00,000
Factory overhead	1,20,000
Distribution expenses	56,000
Administration expenses	1,34,400
Selling expenses	89,600
Profit	1,68,000

A work order has been executed in 2003 and the expenses have been incurred cost of materials Rs. 32,000 and wages and labour Rs. 20,000.

Assuming that in the year 2000 the rate of factory overhead went up by 20% distribution charges went down by 10% and selling and administration changes went up by 12 ½% at what price should the product of the job be quoted so as to earn the same (earlier) rate of profit as the selling price?

Show the full working Distribution, Administration and Selling charges are based on the Factory Cost.

16. The following data is taken out from the books of a manufacturing concern.

– Budgeted labour composition for producing 100 articles.

20 Men @ ₹Rs. 1.25 per hour for 25 hours

30 Women @ ₹Rs. 1.10 per hour for 30 hours

– Actual labour composition for producing 100 articles.

25 Men @ ₹Rs. 1.50 per hour for 24 hours

25 Women @ ₹ Rs. 1.20 per hour for 25 hours