

PART C — (1 × 20 = 20 marks)

Compulsory.

17. The cost per unit of the three products x, y and z of a concern is as follows :

	x (Rs.)	y (Rs.)	z (Rs.)
Direct material	6	7	6
Direct labour	10	8	9
Variable expenses	4	5	3
Fixed expenses	3	3	2
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	23	23	20
Profit	9	7	6
Selling price	32	30	26
No. of units produced	10,000	5,000	8,000

Production arrangements are such that if one product is given up, the production of the others can be raised by 50%. The directors propose that z should be given up because the contribution in that case is the lowest. Analyze the case and give your opinion.

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M.B.A. DEGREE EXAMINATION,
DECEMBER 2016/JANUARY 2017.

First Semester

General/General (Lateral Entry)

ACCOUNTING FOR MANAGERS

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Define Accounting. What are the functions of accounting?
2. Prepare a Trial Balance of Shri Raju as on March 31, 2015.

Particulars	Rs.
Capital	9,20,000
Creditors	1,88,520
Bills payable	69,300
Sales	1,218,500
Provision for doubtful debts	13,200
Interest (Cr)	3,400
Building	7,00,000
Cash at bank	1,45,340

Particulars	Rs.
Bills receivable	58,440
Purchases	8,55,220
Carriage inwards	12,910
Carriage outwards	8,000
Machinery	1,20,000
Furniture	16,400
Debtors	1,56,000
Opening stock	1,50,400
Cash in hand	9,880
Bad debts	6,130
Audit fees	4,000
Travelling expenses	3,250
Discount (Dr)	6,200
Sales returns	2,850
Investments	89,220
General expenses	60,850
Insurance	7,830

3. Explain the causes of depreciation.
4. Explain the Tools of Financial Analysis.
5. Explain the items of sources and application of funds.

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16. Prepare the cost sheet to show the total cost of production and cost per unit of goods manufactured by a company for the month of July 2012. Also find out the cost of sales.

Stock of raw materials 1-7-2012	3,000
Raw materials purchased	28,000
Stock of raw materials 31-7-2012	4,500
Manufacturing wages	7,000
Depreciation of plant	1,500
Loss on sale of a part of plant	300
Factory rent and rates	3,000
Office rent	500
General expenses	400
Discount on sales	300
Advertisement expenses to be fully charged	600
Income-tax paid	2,000
The number of units produced during July, 2012 was	3,000.

The stock of finished goods was 200 and 400 units on 1-7-2012 and 31-7-2012 respectively. The total cost of units on hand on 1-7-2012 was Rs. 2,800. All these have been sold during the month.

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13. From the following balance sheets of Mr. Sridhar prepare a funds flow statement.

Liabilities	30 th June	30 th June	Assets	30 th June	30 th June
	2013	2014		2013	2014
	Rs.	Rs.		Rs.	Rs.
Creditors	18,000	20,500	Cash	5,000	2,300
Bank loan	15,000	19,500	Debtors	17,500	19,200
Capital	77,000	77,000	Stock	12,500	11,000
			Land	10,000	15,000
			Building	25,000	27,500
			Machinery	40,000	42,000
Total	<u>1,10,000</u>	<u>1,17,000</u>	Total	<u>1,10,000</u>	<u>1,17,000</u>

Drawing of Mr. Sridhar during the year was Rs. 20,000 depreciation charges on machinery was Rs. 4,000.

14. Difference between Funds Flow Statement and Cash Flow Statement.
15. Assuming that the cost structure and selling prices remain the same in periods I and II find out:
- P/V ratio
 - B.E Sales
 - Profit when sales are Rs. 1,00,000
 - Sales required to earn a profit of Rs. 20,000
 - Margin of safety in IInd period

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

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6. From the following Profit and Loss Account, you are required to compute cash from operations.

Profit and Loss Account for the year ending 30th June 2014

Particulars	Rs.	Particulars	Rs.
To Salaries	5,000	By Gross profit	25,000
To Rent	1,000	By Profit on sale of land	5,000
To Depreciation	2,000	By Income tax refund	3,000
To Loss on sale of plant	1,000		
To Goodwill written off	4,000		
To Proposed dividend	5,000		
To Provision for taxation	5,000		
To Net profit	<u>10,000</u>		<u>10,000</u>
Total	<u>33,000</u>		<u>33,000</u>

7. Beta manufacturer's ltd. has supplied you the following information in respect of one of its products :

Total Fixed Costs 18,000

Total Variable Costs 30,000

Total Sales 60,000

Units Sold 20,000

Find out (a) Contribution per unit, (b) Break-even point (c) Margin of safety, (d) Profit, and (e) Volume of sales to earn a profit of Rs. 24,000

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8. Data Relating To A Job Are As Thus :

Standard Rate of Wages per Hour	Rs. 10
Standard Hours	300
Actual Rate of Wages per Hour	Rs. 12
Actual Hours	200

You are required to calculate —

(a) Labour cost variance, (b) Labour Rate variance and (c) Labour efficiency variance.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. List-out the accounting concepts and conventions.

10. Distinction between capital expenditure and revenue expenditure.

11. Rohan son's purchased a machine for Rs. 2,00,000 on January 1, 2005. The machine was depreciated at 10% pa. under the written down value method. On January 1, 2008 the firm decided to change the method of depreciation from diminishing balance to fixed installment method without changing the rate with retrospective effect from Jan. 1, 2005. Prepare machine account from 2005 to 2008.

12. Calculate the following Ratios:

- (a) Gross profit ratio
- (b) Net profit ratio
- (c) Current ratio
- (d) Liquid ratio
- (e) Proprietary ratio.

Particulars	Amount
Sales	25,00,000
Cost of sales	20,00,000
Net profit	4,00,000
Average inventory	8,00,000
Other current assets	7,00,000
Fixed assets	14,40,000
Net worth	15,00,000
Debts (long-term)	9,00,000
Current liabilities	5,00,000
Net profit before tax and interest	8,00,000