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detailed and relevant cost figure of closing stock, raw material, work-in-progress and Finished goods. Which helped the manager to find out most suitable and accurate cost per unit. These also helped him to avoid - material wastages, use of obsolete machinery, poor planning, etc...

They took control over material, labour and overhead expenses, and started discussing day-to-day operations of business, so they can take remedial actions. Moreover, introduction of a cost reduction programme combined with operational research and value analysis leads to improvement in economic as well as financial condition of the firm.

Questions for Discussion :

- (a) How cost Accounting helps the firm in determining the Selling Price?
- (b) According to you, by adopting Cost Accounting method, Can a firm prepare a Financial Statement?
- (c) Which kind of operating policy decision can we take by using Cost Accounting Method?
- (d) From the case, what are the benefits/ Advantages enjoyed by a firm, by adopting Cost Accounting?

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MBLC 1001

M.B.A. DEGREE EXAMINATION, JUNE 2016.

First Semester

M.B.A. (General/Marketing)

ACCOUNTING FOR MANAGERS

Time : Three hours Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of Eight questions.

1. List the differences between single entry and double entry system.
2. What are the objectives of management accounting?
3. Find out, (a) Net Purchases
(b) Creditors Turnover Ratio.

Gross Profit on Sales is 20% and value of gross profit is Rs. 6,00,000. Stock turnover ratio is 6 times and opening stock is Rs. 8,000 less than the closing stock. Opening sundry creditor Rs.40,000 and closing sundry creditors are Rs.50,000.

4. From the following results of a company determine by how much the value of sales must be increased for the company to Break-even :

Sales	Rs. 4,00,000
Fixed cost	Rs. 2,00,000
Variable cost	Rs. 2,40,000

5. What are the uses of cost volume profit analysis?

6. A machine was acquired in 1st April 2011 at a cost of Rs.15,000, the cost of installation being Rs.1,000. It is expected that the scrap value at the end of the working life will be Rs.2,000. Write up the machine account for the first two years under diminishing balance method charging 10% depreciation. Assume that financial year is followed.

7. Shanmathi Ltd presents the following results for one year. Calculate the P/V Ratio, BEP and Margin of safety.

Sales	Rs. 2,00,000
Variable Costs	Rs. 1,20,000
Fixed Cost	Rs. 50,000
Net Profit	Rs. 30,000

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Prepare statement of Profit and loss account for the year ended 31st March, 2012 and balance sheet as at the date. Take in to consideration the following adjustments :

- Stock on 31st March 2012 was valued at Rs.82,000.
- Depreciation on fixed assets @ 10%.
- Make a provision for income tax @ 50%.
- Ignore corporate dividend tax.

PART C — (1 × 20 = 20 marks)

Cost Study (Compulsory)

17. Frontline Pvt. Ltd, a new comer in small manufacturing firm of formals and casuals wears. Product range includes, shirts and T- Shirts (Full and Half sleeves), trousers and jeans, cargo's, etc... As it is a newly introduced firm, the burden is on the Finance Manager of deciding the Accounting method for maintaining books of Account in a factory. By considering all the factors determining cost, such as cost structure, condition of market, type of consumer, area of distribution, capacity of supply, product's demand and supply, etc... Manager has to decided to follow the Cost Accounting for maintaining factory A/c or Manufacturing A/c. Cost Accounting does not includes physical stock-taking, but it includes

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Additional information : Depreciation of Rs. 20,000 and Rs. 25,000 have been charged on plant and Land and building respectively in 2014.

16. Following is the trial balance of Lakshmi Co. Ltd as at 31st March, 2012.

	Rs.	Rs.
Stock 31 st March 2011	75,000	3,50,000
Sales		
Purchase	2,45,000	
Wages	50,000	
Discount		5,000
Furniture and fittings	17,000	
Salaries	7,500	
Rent	4,950	
Sundry expenses	7,050	
Surplus account 31 st March 2011		15,030
Dividend paid	9,000	
Share capital		1,00,000
Debtors and creditors	37,500	17,500
Plant and machinery	29,000	
Cash at bank	16,200	
Reserves		15,500
Patents and Trade Mark	4,830	
	<u>5,03,030</u>	<u>5,03,030</u>

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8. Calculate the funds from operations from the following profit and loss account.

Profit and Loss Account			
Particulars	Rs.	Particulars	Rs.
To Expenses paid	1,00,000	By Gross Profit	2,00,000
To Depreciation	40,000	By Gain on sale of Machinery	20,000
To Loss on sale of building	15,500		
To Discount	500		
To Good will	12,000		
To Net Profit	<u>52,000</u>		
	<u>2,20,000</u>		<u>2,20,000</u>

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of Eight questions.

- Explain the errors which are disclosed by the trial balance.
- Describe the various elements of cost.
- State the factors that you will take into consideration in allocating the expenditure as Capital and Revenue.

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12. From the following data calculate :

- (a) Break even point expressed amount of sales in Rupees.
 (b) Number of units that must be sold to earn a profit of Rs.60,000.
 (c) How many units must be sold to earn a net income of 10% of sales?
 Selling price Rs:20 per unit.
 Variable manufacturing cost Rs. 11 per unit.
 Variable selling cost Rs.3 per unit.
 Fixed factory overhead Rs.5,40,000 per year.
 Fixed selling cost Rs.2,52,000 per year

13. Akhilandeswari Automobiles employed 100 workers and average rate of wages is Re.1 Standard working hours per week 40 and the standard performance is 10 units per gang hour. During a week in December 1982, wages paid for 50 workers were at the rate of Re. 1 per hour, 10 workers at Rs. 1.40 per hour and 40 workers at 80 paise per hour. Actual output was 383 units. The factory did not work for five hours due to breakdown of the machinery.

Calculate appropriate labour variances.

14. Prepare balance sheet from the following information :

Gross profit Ratio	20%
Debtor turnover	6 times
Fixed asset to net worth	0.80
Reserves to capital	050
Current Ratio	2,50
Liquid Ratio	1.50
Net working capital	Rs.3,00,000
Stock turnover ratio	6 times

15. From the following balance sheet of Selvi Ltd, Prepare

(a) Schedule of changes in working capital and

(b) Fund flow statement.

	31.12.13	31.12.14	Assets	31.12.13	31.12.14
	Rs.	Rs.		Rs.	Rs.
Liabilities			Plant	1,00,000	1,25,000
Equity share capital	1,20,000	1,50,000	Land and Building	75,000	90,000
Sundry creditors	37,000	25,000	Patent		
Bills payable	15,000	17,000	rights	7,000	9,500
P and L/A/c	60,000	69,000	Cash	17,000	23,000
			Sundry debtors	33,000	13,500
	<u>2,32,000</u>	<u>2,61,000</u>		<u>2,32,000</u>	<u>2,61,000</u>