

PART C — (1 × 20 = 20 marks)

Compulsory

17. Nijan company and Nandhu Company under the same management. These company's details are as under:

	Nijan Company		Nandhu Company	
	Rs.		Rs.	
Sales		3,00,000		3,00,000
Less :				
Variable cost	2,40,000		2,00,000	
Fixed cost	30,000	2,70,000	70,000	2,70,000
Profit		<u>30,000</u>		<u>30,000</u>

You are required to :

- Calculate the break- even points for each company
- Calculate the sales volume at which each of the two companies will make a profit of Rs.10,000.
- State which company is likely to earn greater profits in condition of :
 - Heavy demand for the product and
 - Low demand for the product. (Answers should support with reasons).

MBAC 1003/MBLC 1001

M.B.A. DEGREE EXAMINATION, JUNE 2017.

First Semester

General/Marketing (Lateral Entry)

Paper III — ACCOUNTING FOR MANAGERS

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

- What is meant by Accountancy? What are the advantages of double entry system of book keeping?
- What is meant by depreciation? State its objectives and various methods of computation of depreciation.
- What are the differences between fund flow and cash flow statement?
- Journalise the following transactions.

Date	Transactions	Amount Rs.
January 1	Prabu started a business with	10,000
4	Bought goods from Krishna	6,750

Date	Transactions	Amount Rs.
7	Cash purchase	3,000
10	Cash sales	4,000
13	Bought goods from Krishna	2,000
16	Sold goods to Magila	5,000
18	Paid cash to Krishna	2,850
19	Sold goods to Magila	500
24	Paid Krishna on account	2,400
26	Received cash from Magila	1,650
27	Paid salaries	1,250
30	Received cash from Magila	200

5. A machine purchase on 1st July 2005 at a cost of Rs.14,000 and Rs.1,000 was spent on its installation. The depreciation is charged at 10% on the straight line method. The books are closed on 31st December every year. The machine was sold for Rs.9,500 on 31st March 2008. Show the Machinery account.

15. From the following information of The Magila Corporation Ltd., you are required to find out P/V ratio, BEP and Margin of safety.

Sales in units	15,000
Fixed expenses	Rs. 34,000
Sales value	Rs. 1,50,00
Variable costs	Rs. 6 per unit

Also calculate the revised P/V ratio, BEP and Margin of safety in each of the following each of the case.

- (a) Decrease of 10% Selling price,
 (b) Increase of 10% variable cost
 (c) Increase of sales volume by 2,000 units,
 (d) Increase of Rs. 6,000 in fixed cost.
16. Calculate labour cost variance, labour rate variance and labour efficiency variance.

Standard time	3,900 hours
Actual time taken	4,025 hours
Standard wages	Rs. 7,800
Actual wages paid	Rs. 8,055

13. From the following information, calculate Gross profit ratio, Net profit ratio, Operating ratio, Operating profit ratio and Current ratio.

	Rs.
Cash in hand	20,000
Debtors	20,000
Creditors	10,000
Gross profit	2,01,000
Net sales	5,60,000
Net profit	80,000
Cost of goods sold	3,59,000
Operating expenses	1,09,000

14. From the following Balance Sheet of Muthu, prepare a fund flow statement.

Liabilities	2013	2014	Assets	2013	2014
	Rs.	Rs.		Rs.	Rs.
Capital	63,000	1,00,000	Cash	15,000	20,000
Long term borrowings	50,000	60,000	Debtors	30,000	28,000
Trade creditors	42,000	39,000	Stock	55,000	72,000
Bank overdraft	35,000	25,000	Buildings	80,000	1,00,000
Outstanding expenses	5,000	6,000	Furniture	15,000	10,000
	<u>1,95,000</u>	<u>2,30,000</u>		<u>1,95,000</u>	<u>2,30,000</u>

6.

MBAC 1003/
MBLC 1001

6. From the following profit and loss account, compute the funds from operation.

	Rs.		Rs.
To Salaries	5,000	By Gross profit	1,000
To Rent	2,000	By Discount	5,000
To Depreciation	1,000	By Interest on	
To Preliminary expenses	2,000	Investment	4,000
To Loss on sale of land	<u>5,000</u>	By Net loss	<u>5,000</u>
Total	<u>15,000</u>		<u>15,000</u>

7. From the following information, find out P/V ratio, Fixed costs, Break-even point and Margin of safety at a profit of Rs.24,000.

Year	2013	2014
Sale	Rs. 2,70,000	3,00,000
Profit	Rs. 6,000	15,000

8. From the following particulars, prepare a cost sheet.

	Rs.
Opening stock of finished goods	9,750
Closing stock of finished goods	11,100
Raw materials purchased	36,100
Direct wages	18,450

3

MBAC 1003/
MBLC 1001

	Rs.
Factory expenses	2,750
Selling expenses	2,450
Office expenses	1,850
Sales	75,000
Sale of scrap	250

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain various accounting concepts and conventions.
10. Explain the merits and de-merits of ratio analysis.
11. Explain the merits and de-merits of Marginal costing.
12. From the following Trial balance of Mr. Sevugan, prepare Trading, Profit and Loss account for the year ended. 31st March, 2015 and balance sheet as on that date.

Debit	Rs.	Credit	Rs.
Cash at bank	3,400	Capital	40,000
Cash in hand	14,000	Sales	32,000

	Debit	Rs.	Credit	Rs.
Drawings		7,000	Sundry	
Purchases		4,000	creditors	9,000
Wages		2,000		
Stock (on 1.4.14)		12,000		
Buildings		20,000		
Sundry debtors		8,800		
Bills receivable		5,800		
Rent		900		
Commission		500		
General expenses		1,600		
Furniture		1,000		
Total		<u>81,000</u>		<u>81,000</u>

Adjustments :

- (a) Closing stock Rs.8,000
- (b) Wages outstanding Rs.200.
- (c) Rent prepaid Rs.200
- (d) Depreciate Furniture and Buildings by 10%.