

MBCP 1003

M.B.A. DEGREE EXAMINATION, DECEMBER 2023.

First Semester

Common Papers

ACCOUNTING FOR MANAGERS

(2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (5 × 4 = 20 marks)

Answer any FIVE questions.

1. Distinguish between single entry and double entry book keeping system.
2. Record the following transactions in the journal of Vishal 2023

May 1 commenced business with cash 5,00,000

May 2 Goods purchased from Mohan for cash 50,000

May 3 Goods purchased from Ajay 1,20,000

May 4 Goods returned to Ajay 20,000

May 15 Goods sold to Rajiv 4,000

May 25 Paid Salaries 500

3. Write the various objectives of providing depreciation.

4. From the following compute current ratio

Particulars	Rs.	Particulars	Rs.
Stock	36,500	Prepaid expenses	1,000
Sundry Debtors	63,500	Bank overdraft	20,000
Cash in hand and bank	10,000	Sundry Creditors	25,000
Bills receivable	9,000	Bills payable	16,000
Short term investments	30,000	Outstanding expenses	14,000

5. Discuss the uses of fund flow statement.

6. From the given information of XYZ company calculate the cash from operations for the year ended 31 Dec 2022. Net earnings 2,00,000/-, depreciation 10,000/-, decrease in accounts receivables 15,000/- decrease in accounts payable 15,000/- increase in inventory Rs. 30,000/-

7. How can marginal costing be used in decision-making and explain its advantages?

8. How the opportunity cost for inefficient use of scarce resources be presented in variance reports under a standard costing system?

PART B — (5 × 8 = 40 marks)

Answer any FIVE questions.

9. Give the meaning of financial statements and state its objectives.

10. Calculate Stock Turnover Ratio in the following cases:

(a) Opening Stock Rs. 87,000; Closing Stock Rs.93,000; Sales Rs. 9,60,000; Gross Profit @331/3% on cost.

(b) Credits Sales Rs.15,00,000; Cash Sales @25% of Credit Sales; Gross Profit @25% on cost; Opening Stock Rs.2,50,000; Closing Stock Rs. 7,50,000.

11. On October 1, 2008, the Akash Transport Company purchased a Truck for Rs.8,00,000. On April 1,2010, this Truck was involved in an accident and was completely destroyed and 6,00,000 were received from Insurance Company in full settlement. On the same date another Truck was purchased by the company for Rs.10,00,000. The company writes off 20% depreciation p.a. on written down value method. Give the Truck Account from 2008 to 2010.

12. Distinguish between fund flow and cash flow statement.

13. MNP Ltd sold 2,75,000 units of its product at Rs. 37.50 per unit. Variable costs are Rs. 17.50 per unit (manufacturing costs of Rs. 14 and selling cost Rs. 3.50 per unit). Fixed costs are incurred uniformly throughout the year and amount to 35,00,000 (including depreciation of Rs. 15,00,000) there are no beginning or ending inventories. Calculate

- Estimate breakeven sales level quantity and cash breakeven sales level quantity.
- Estimate the P/V ratio.
- Estimate the number of units that must be sold to earn an income (EBIT) of Rs.2,50,000.
- Estimate the sales level achieve an after-tax income (PAT) of 2,50,000. Assume 40% corporate Income Tax rate.

14. How will you arrive at a make or buy decision?

15. Mention the causes that give rise to labour rate variance.

16. A company produces a finished product by using three basic raw materials. The following standards have been set-up for raw materials

Material	Standard Mix in percentages	Standard price per kg in Rs.
A	25	4
B	35	3
C	40	2

The standard loss in process is 20% of input. During a particular month, the Company produced 2,400 Kgs. of finished product. The details of stock and purchases for the month are as under:

Material	Opening stock (Kgs)	Closing stock (Kgs)	Purchases during the month	
			Quantity in Kg	Cost in Rs.
A	200	350	800	3600
B	150	200	1000	3500
C	300	200	1100	1980

The opening stock is valued at standard cost. Compute Material price and Material cost variances, when Variance is calculated at the point of issue of 'First-in-First-out' basis.

PART C — (1 × 15 = 15 marks)

Answer the following.

17. Case study: Compulsory

Mr. Santhosh book shows the following balances. Prepare his trading and profit and loss account for the year ended 31st March 2023 and balance sheet as on the date

Particulars	Debit Rs.	Credit Rs
Stock on 01.04.2023	1,50,000	
Purchases	1,30,000	
Sales		3,00,000
Carriage inwards	2,000	

Particulars	Debit Rs.	Credit Rs
Salaries	50,000	
Printing and stationary	8,000	
Drawings	17,000	
Sundry Creditors		20,000
Sundry Debtors	1,80,000	
Furniture	10,000	
Capital		2,50,000
Postage and telephone	7,500	
Interest paid	4,000	
Machinery	41,500	
Loan account		25,000
Suspense account		5,000

Adjustments:

- (a) Closing stock Rs. 1,20,000/-
- (b) provide 5% for bad and doubtful debts on debtors
- (c) Depreciate Machinery and Furniture by 5%
- (d) Allow interest on capital by 5%
- (e) Prepaid printing charges Rs.2,000/-