MBCP 1003

M.B.A. DEGREE EXAMINATION, JUNE 2024.

First Semester

Common Paper

ACCOUNTING FOR MANAGERS

(2023 Regulation)

Time : Three hours Maximum : 75 marks

PART A — (5 × 4 = 20 marks)

Answer any FIVE questions.

1. Explain the Debit and Credit note in five sentences.

2. From the following Ledger balances, ascertain gross profit:

Particulars	Rs.
Stock (on 1.4.2022)	1,20,000
Sales	6,00,000
Sales returns	20,000
Purchases	480,000
Purchase returns	6,000
Wages	6,500
Carriage Inwards	1,500
Closing stock (on 31.3.2023)	1,50,000

3. State four merits of written down value method of providing depreciation.

4. What are the differences between cash flow and fund flow statements?

5. From the following data calculate the number of units that must be sold to earn a profit of Rs. 60,000 per year.

	(Rs.)
Sales price (per unit)	20
Variable manufacturing cost (per unit)	11
Variable selling cost (per unit)	3
Fixed factory over heads per year)	5,40,000
Fixed selling costs (per year)	2,52,000

6. Illustrate the application of differential costs / revenues in make or buy decision.

7. Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate Labour cost variance.

8. Write down various types of costs.

PART B — (5 × 8 = 40 marks)

Answer any FIVE questions.

9. There are several Mistakes in the Umer and Brothers (Pvt.) Ltd. Trial Balance: You are requested to identify Errors and make corrected Trial Balance?

S.no.	Heads of Accounts	Debit (Rs.)	Credit (Rs.)
1.	Umer owner equity		1,551
2.	Umer drawings	560	
3.	Equipment	2850	
4.	Sales		2850
5.	Due from customers		530
6.	Purchases	1260	
7.	Purchase Returns	364	
8.	Bank loan		996
9.	Creditors	528	
10.	Taxes	720	
11.	Cash in hand	226	
12.	Note payable	680	
13.	Inventory		264
14.	Repair	461	
15.	Return inward		98
	Total	7,649	6,289

10. Write a brief note on Revenue and capital expenditures.

11. The company purchased a plant on July 01 2015, at the cost of Rs. 3,00,000; it spent an additional Rs. 50,000 on the installation. The depreciation is charged at 15% p.a. based on the straight line method. The plant was then sold for Rs. 1,50,000 on October 01 2017. A new plant was installed on the same date amounting to Rs. 4,00,000 including purchasing value. The accounts for the business are closed on December 31 yearly.

You are to show the machinery account and provision for depreciation account for three years.

12. Write a brief note on ratio analysis which can be used to indicate the performance of any business organisation.

13. From the following balances calculate cash from operations.

	December 31, 2021 (Rs.)	December 31, 2022 (Rs.)
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	–	1,30,000

14. Discuss CVP analysis and its advantages.

15. Illustrate the process of preparation of a cost sheet.

16. The standard mix to produce one unit of product is as follows:

			Rs.
Material A	60 units @ Rs. 15.00 per unit	=	900
Material B	80 units @ Rs. 20.00 per unit	=	1,600
Material C	100 units @ Rs. 25.00 per unit	=	2,500
	240 units	=	5,000

During the month of April, 10 units were actually produced and consumption was as follows:

			Rs.
Material A	640 units @ Rs 17.50 per unit	=	11,200
Material B	950 units @ Rs. 18.00 per unit	=	17,100
Material C	870 units @ Rs. 27.50 per unit	=	23,925
	2,460 units	=	52,225

Calculate all material variances.

PART C — (1 × 15 = 15 marks)

Answer the following.

(Compulsory)

17. From the following information, prepare the trading and profit and loss account for M/s Indian sports house for the year ending March 31, 2022.

Account Title	Amount Rs.	Account Title	Amount Rs.
Drawings	20,000	Capital	2,00,000
Sundry debtors	80,000	Return outwards	2,000
Bad debts	1,000	Bank overdraft	12,000
Trade Expenses	2,400	Provision for bad debts	4,000
Printing and Stationary	2,000	Sy. Creditors	60,000
Rent, Rates and Taxes	5,000	Bills payable	15,400
Freight	4,000	Sales	2,76,000
Return inwards	7,000		
Opening stock	25,000		
Purchases	1,80,000		
Furniture and Fixtures	20,000		
Plant and Machinery	1,00,000		
Bills receivable	14,000		
Wages	10,000		
Cash in hand	6,000		
Discount allowed	2,000		
Investments	40,000		
Motor car	51,000		
	5,69,400		5,69,400

Adjustments to be made :

(a) The closing stock was valued at Rs. 45,000.

(b) Provision for doubtful debts is maintained at 2% of debtors.

(c) Depreciation is charged on: furniture and fixture at 5%, plant and machinery at 6% and motor cars at 10%.

(d) A Machine costing Rs. 30,000 was purchased by the business on October 01, 2016.

(e) The manager is entitled to receive a commission of 10% of the net profit after charging such a commission.