

MBA 03

M.B.A. DEGREE EXAMINATION, JUNE 2007.

First Semester

Paper III — ACCOUNTING FOR MANAGERS

(Common for HRM/Marketing/Finance/International
Business)

Time : Three hours

Maximum: 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. What are the functions of Accounting?
2. Explain the usage of Tally package.
3. What are the causes of depreciation?
4. What are Financial statements?
5. What are the assumptions of BEP analysis?

6. Pass necessary Journal entries for the following :

- 2005, Jan. 1 X Started business with cash
Rs. 1,00,000
- 4 Cash paid into Bank Rs. 50,000
- 8 Goods purchased for Rs. 20,000 with
5% Trade discount
- 10 Sold goods to Mani Rs.10,000
- 14 Purchased a motor cycle for his son
Rs.15,000 by cheque.
- 18 Paid Rent Rs. 1,000

7. A plant has the original value of Rs. 10,000. The management depreciates the plant at 10% p.a. on diminishing Balance method. How will the plant be shown in the Balance Sheet at the end of the fourth year?

8. The following data are available from the records of a company.

Sales Rs. 60,000

Variable cost Rs. 30,000

Fixed cost Rs. 15,000

Calculate p/v ratio, BEP, and margins of safety.

Calculate

(a) BEB, P/V ratio, and margins of safe by for each company.

(b) State which company is likely to earn more profit in the condition of

(i) Heavy Demand and

(ii) Low demand for the product.

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	Rs.
Direct wages	75,000
Direct Expenses	25,000
Factory Expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a cost sheet showing cost per unit and total cost at each stage.

SECTION C — (1 × 20 = 20 marks)

17. Compulsory

The following are the budgeted data relating to Shoba Ltd. and Selva Ltd. producing identical products.

	Shoba Ltd.		Selva Ltd.	
	Rs.	Rs.	Rs.	Rs.
Sales		3,00,000		3,00,000
Fix cost	30,000		70,000	
Variable cost	2,40,000	2,70,000	200,000	2,70,000
Profit budgets		30,000		30,000

SECTION B — (5 × 10 = 50 marks)

Answer any FIVE of the following.

9. Explain the various accounting concepts.
10. Distinguish between capital and revenue expenditure.
11. What are the methods of depreciation?
12. Explain the elements of cost.
13. From the following trial balance prepare trading, and profit and loss a/c and Balance Sheet.

Particulars	Debit		Credit	
	Rs.	Rs.	Rs.	Rs.
Capital				40,000
Sales				25,000
Purchases		15,000		
Salaries		2,000		
Rent		1,500		
Insurance		300		
Drawings		5,000		
Machinery		28,000		
Bank		4,500		
Cash		2,000		
Stock		5,200		
Debtor and creditor		2,500		1,000
		66,000		66,000

Adjustments :

- (a) Closing Stock Rs. 4,900
- (b) Outstanding salaries Rs. 300.
- (c) Pre paid Rent Rs. 200
- (d) Insurance prepaid Rs. 90
- (e) Goods taken for own use Rs. 200 in the month

of December.

14. From the following details, make out the balance sheet with as detail are possible :

- (a) Stock velocity 6
- (b) Capital turnover ratio 2
- (c) Fixed assets turnover ratio 4
- (d) Gross profit turnover ratio 20%
- (e) Debtor velocity 2 months
- (f) Creditor velocity 73 days

The gross profit was Rs. 60,000. Reserve and surplus amounts to Rs. 20,000. Closing stock was Rs. 5,000 in excess on opening stock.

15. Balance sheets of m/s ABI as on 1st Jan. and 31st December 2005 were as follows :

Liabilities	1-1-2005	31.12.05	Assets	1.1.2005	31.12.05
Capital	1,50,000	1,90,000	Cash	20,000	26,000
Loan	30,000	-	Debtors	54,000	76,000
Bank o/d	60,000	80,000	Stock	48,000	42,000
Creditors	50,000	56,000	Furniture	2,000	2,000
			Machinery	90,000	65,000
			Land	36,000	45,000
			Buildings	40,000	70,000
	<u>2,90,000</u>	<u>3,26,000</u>		<u>2,90,000</u>	<u>3,26,000</u>

During the year a machine costing Rs. 12,000 (accumulated depreciation Rs. 4,000) was sold for Rs. 5,500. The provision for depreciation against machinery as on 1-1-2005 and 31-12-2005 Rs. 24,000 and Rs. 37,000 respectively. Net profit for the year amounted to Rs. 60,000.

Prepare fund flow statement.

16. During the year 2005, Koki Ltd, produced 50,000 units of a product. The following were the expenses.

	Rs.
Stock of raw materials on 1-1-2006	10,000
Stock of raw materials on 31-12-2006	20,000
Purchases	1,60,000