MBA 03

First Semester
Marketing/Finance/IB/HRM
ACCOUNTING FOR MANAGERS

Time: Three hours  Maximum: 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What is meant by financial accounting?
2. Explain the causes of depreciation.
3. From the following information relating to Bright Ltd. Calculate funds lost in operations.

   Rs.
   
   Net loss for the year   90,000
   Depreciation charged    10,000
   Refund of tax           2,000
   Dividend received       7,000
   Profit on sale of assets 5,000
Prepare a trial balance.

10. What is a trial balance? What are the objectives of preparing a trial balance?

9. Explain the various accounting concepts.

8. Answer any FIVE questions.

SECTION B — (5 × 10 = 50 marks)

Calculate the price to be fixed per unit:

Works cost : Rs. 5,000
Overhead : Rs. 125% on wages
Office expenses : Rs. 1,000
Factory expenses : Rs. 1,000
Wages : Rs. 5,000
Direct expenses : Rs. 1,000

A factory produces 100 units of a commodity. The price is Rs. 15 per unit and output level is 1,000,000 units.

5. What is a cost sheet? How is it prepared?

6. What is contribution? How is it calculated?

7. What is a cash flow analysis?

8. Explain any two limitations of cash flow analysis.

9. From the following information, find out the amount of profit earned during the year, using the following cost formula technique: Price = Rs. 5,000; Variable cost = Rs. 10,000; Fixed cost = Rs. 2,000; Output level = 1,000 units.
<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,000 9% debentures of</td>
<td></td>
<td>Stock</td>
<td>2,40,000</td>
</tr>
<tr>
<td>Rs. 100 each</td>
<td></td>
<td>Debtors</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Reserve</td>
<td></td>
<td>Cash and</td>
<td>4,00,000</td>
</tr>
<tr>
<td>3,00,000</td>
<td></td>
<td>bank</td>
<td>55,000</td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
<td>Pre-paid</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Bank</td>
<td></td>
<td>expenses</td>
<td>5,000</td>
</tr>
<tr>
<td>overdraft</td>
<td>50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16,00,000</td>
<td>Total</td>
<td>16,00,000</td>
</tr>
</tbody>
</table>

11. A company whose accounting year is the calendar year, purchased on 1st April, 2003 machinery costing Rs. 30,000

It purchased further machinery on 1st October, 2003 costing Rs. 20,000 and on 1st July 2004 costing Rs. 10,000.

On 1st January, 2005, one third of the machinery installed on 1st April, 2003 became obsolete and was sold for Rs. 3,000

Show how machinery account would appear in the books of the company, it being given that Machinery was depreciated by fixed installment method at 10% per annum.

12. From the following information make out a balance sheet with as much details as possible.

Current ratio 2.5; Liquid ratio 1.5; Proprietary ratio 0.75 (fixed assets/proprietary fund); Working capital Rs. 60,000; Bank overdraft Rs. 10,000; Reserve and surplus Rs. 40,000. There is no long term assets.
5. Shares of Rs. 100 each 2,00,000 machinery
   Plant and 5,00,000 land
   6,00,000 8% preferred
   80,000 building
   5,000 equity shares of
   Liabilities
   Assets
   (a) Current Ratio
   (b) Liquid Ratio
   (c) Proprietorship Ratio
   (d) Debt-equity Ratio
   (e) Capital Gearing Ratio
   17. From the following particulars pertaining to assets
   and liabilities of a company calculate
   compulsory
   SECTION C — (20 marks)

   16. Prepare a cost sheet from the following data to

   4. (a) Profit & Loss A/c
   (b) Balance Sheet
   (c) Marginal Costing is a valuable tool for managerial
   decisions — Discuss.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials consumed</td>
<td>Rs. 80,000</td>
<td>Rs. 70,000</td>
</tr>
<tr>
<td>Direct wages</td>
<td>Rs. 1,60,000</td>
<td>Rs. 1,70,000</td>
</tr>
<tr>
<td>Selling overheads</td>
<td>Rs. 12,000</td>
<td>Rs. 15,000</td>
</tr>
<tr>
<td>Factory overheads</td>
<td>Rs. 4,000</td>
<td>Rs. 6,000</td>
</tr>
<tr>
<td>Opening stocks</td>
<td>Rs. 8,000</td>
<td>Rs. 10,000</td>
</tr>
<tr>
<td>Closing stocks</td>
<td>Rs. 10,000</td>
<td>Rs. 12,000</td>
</tr>
<tr>
<td>Closing creditors</td>
<td>Rs. 20,000</td>
<td>Rs. 22,000</td>
</tr>
<tr>
<td>Closing capital</td>
<td>Rs. 50,000</td>
<td>Rs. 60,000</td>
</tr>
</tbody>
</table>

   13. From the following balance sheets prepare fund
   statement 

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed asset</td>
<td>Rs. 2,00,000</td>
<td>Rs. 3,00,000</td>
</tr>
<tr>
<td>Sales</td>
<td>Rs. 1,60,000</td>
<td>Rs. 1,70,000</td>
</tr>
<tr>
<td>Variable costs</td>
<td>Rs. 60,000</td>
<td>Rs. 70,000</td>
</tr>
<tr>
<td>Margin of safety</td>
<td>(c)</td>
<td>(b)</td>
</tr>
<tr>
<td>B/E Ratio</td>
<td>(a)</td>
<td>(b)</td>
</tr>
</tbody>
</table>