Subject Code: MB1313/R13

M B A - I Semester Regular/Supplementary Examinations, Feb - 2015

ACCOUNTING FOR MANAGERS

Time: 3 hours **Max Marks: 60**

Answer any **FIVE** of the following

All questions carry equal marks. **Q.No.8 is compulsory**

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1. (a) Explain the role of Accountant in the present day economy.
   (b) Explain the need and significance of Depreciation? What factors should be considered for determining amount of Depreciation.

2. What are the Accounting Concepts and Conventions? Name these and explain any two accounting concepts in detail.

3. (a) Define the term ` Standard'. What are the major benefits of accounting standards?
   (b) List the mandatory standards made by ICAI.

4. For the following data, Prepare Balance sheet:

Gross Profit (20% of sales)	Rs. 60,000
Equity Share capital	Rs. 50,000
Credit sales to total sales ratio	80%

   Total Assets turnover 3 times
   Stock turnover 8 times
   Average collection period 18 days (360 days a year)
   Current ratio 1.6: 1
   Long-term debt to equity 40%

5. What is the necessity of Cost Accounting? What are the differences between Financial Accounting and Cost Accounting.

6. (a) What is meant by Standard Costing? State its main Objectives.
   (b) A Manufacturing concern which had adopted standard costing furnishes the following information.

Standard	
Material for 70 Kgs. finished products	100 kgs.
Price of Material	Re.1 per kg.
Actual	
Output	2, 10,000 kgs
Materials used	2, 80,000 kgs
Cost of materials	2, 52,000

   Calculate:
   i. Material Usage Variance
   ii. Material Price Variance
   iii. Material Cost Variance

7. (a) The sales and profits during two periods are as under:
   Period I : Sales Rs. 20 lakhs; Profit Rs.2 lakhs
   Period II : Sales Rs. 30 lakhs; Profit Rs.4 lakhs
   Calculate : (i) P/V Ratio
   (ii) Break even point
   (iii) Sales required to earn a profit of Rs. 5 lakhs
   (iv) profit when sales are Rs.50 lakhs, and
   (v) Margin of safety at a profit of Rs. 2.5 lakhs.

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(b) What is zero based budgeting? Explain the importance of zero based budgeting.

8. Casestudy:

Following are the summarized Balance sheets of Vijaya Ltd.,as on 31st December 2001 and 31st December 2002:

Liabilities	**2001**	**2002**	**Assets**	**2001**	**2002**
	Rs.	Rs.		Rs.	Rs.
Share Capital	2,00,000	2,50,000	Land and Buildings	2,00,000	2,40,000
General Reserve	40,000	70,000	Machinery	1,80,000	1,30,000
Profit and loss a/c	32,000	39,000	Stock	1,00,000	1,26,000
bankloan(long term)	1,60,000	40,000	Sundry Debtors	80,000	64,000
Sundry Creditors	1,50,000	1,30,000	Cash at Bank	52,000	9,000
Provision for Taxation	30,000	40,000			
	6,12,000	**5,69,000**		**6,12,000**	**5,69,000**

Additional information is as under:

(a) During the year ended 31st December 2002, dividend of Rs. 42,000 was paid.

(b) Assets of another company were purchased for a consideration of Rs.50,000 payable in the issue of shares. There were Land and Buildings of Rs. 25,000 and Stock Rs. 25,000.

(c) Depreciation written off on Machinery is Rs.12,000 and on Land and Buildings is Rs.22,500. Loss on sale of Machinery amounting to Rs.12,000 was written off to General Reserve.

(d) Income tax paid during the year was Rs.35,000.

(e) New additions to Buildings were for Rs.37,500.

You are required to prepare a statement showing sources and application of funds from the above mentioned date.

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