Code: **BA1T3**

PVP 12

I MBA-I Semester-Regular Examinations-MARCH 2013

ACCOUNTING FOR MANAGERS

Duration: 3hours

Max. Marks: 70

SECTION-A

1. **Answer any FIVE of the following.** **5 x 2=10 marks**
   a. Branches of Accounting.
   b. Fixed Assets.
   c. Du-Pont technique.
   d. Comparative statements
   e. Inventory turn-over ratio.
   f. Funds from operations
   g. Marginal cost
   h. Flexible budget.

SECTION-B

Answer the following. **5 x 10 = 50 marks**

2. a. What are Accounting concepts? Explain them in brief.

(OR)

b. State the advantages of Management Accounting.

3. a. What is Funds flow statement? Explain its advantages.

(OR)

b. The following is the Trial Balance of Rao as on December 31, 2011:

Debit	Rs.	Credit	Rs.
Drawings	12,000	Capital	1,00,000
Sundry debtors	70,000	Sundry creditors	85,000
Cash in hand	3,000	Loan	40,000
Interest	2,000	Sales	1,60,000
Stock	40,000	Purchase returns	8000
Cash at bank	9,000	Discount	2000
Bad debts	4,000	Bills payable	10,000
Land & Building	90,000	Rent received	3,000
Sales returns	7,000	Provision for bad debts	5,000
Purchases	1,20,000		
Carriage outward	2,000		
Carriage inward	3,000		
Establishment charges	14,500		
Rates, taxes & insurance	4,000		
Advertisement	6,000		
General expenses	5,000		
Wages	10,000		
Bills receivable	11,500		
	4,13,000		4,13,000

Additional information:

i) The stock in hand on December 31, 2011, is valued at Rs. 60,000.

ii) Pre-paid insurance amount to Rs. 500.

iii) Depreciate land and building at 5% p.a.

iv) Bad debts provision is to be increased by Rs. 1,000.

You are required to prepare the trading and Profit and Loss Account for the year ending December 31, 2011, and a Balance sheet as on that date.

4. a. Discuss about the techniques of analyzing financial Statement.

(OR)

b. The following are the transactions of a firm for the year ending 30-6-2012.

	Rs.		Rs.
Sales	2,60,000	Non-Operating Incomes:	
Purchases	1,61,125	Dividends on shares	4,500
Opening stock	38,125	Profits on sale of shares	1,500
Closing Stock	49,250	Non-Operating Expenses:	
Sales returns	10,000	Loss on sale of assets	2,000
Selling and Distribution Expenses	11,000	Provision for tax	20,000
Operating Expenses	29,000		

Calculate Gross Profit ratio, Net Profit ratio, Operating ratio, and Operating profit ratio after arranging the above information of the firm and suggest suitable analysis.

5. a. What is Break-Even point? How is it useful in decision making?

(OR)

b. From the following information calculate:

i) P/V Ratio,
ii) Break Even Point
iii) Margin of Safety

	Rs.
Total sales	3, 60,000
Selling price per unit	100
Variable cost per unit	50
Fixed cost	1, 00,000

iv) If selling price is reduced to Rs. 90, by how much is the margin of safety is reduced?

6. a. What is budgetary control? And state its advantages.

(OR)

b. Prepare a flexible budget for the production of 80% and 100% activity on the basis of the following information:

Production at 50% capacity	5,000 units
Raw Material	Rs. 80 per unit
Direct Labour	Rs. 50 per unit
Direct Expenses	Rs. 15 per unit
Factory Expenses	Rs.50, 000 (50% fixed)
Administration Expenses	Rs. 60,000 (variable)

SECTION-C

7. CASE STUDY **1 X 10 = 10 M**

On January 1, 2012 the cash balance of the Jay Company is Rs. 5,000. Sales of the first four months of the year are expected to be as follows: January, Rs. 65, 000; February, Rs. 54,000; March, Rs. 66,000; and April, Rs. 63,000. On January 1, collected amounts for November and December of the previous year are Rs. 13,500 and Rs. 39,150 respectively; collections from customers follow this pattern: 55% in the month of sale, 30% in the month following the sale, 13% in the second month following the sale, and 2% uncollectable. Materials purchased for December, 2011 were Rs. 10,000. Forecast purchases for the coming year are: January, Rs. 12,500; February, Rs. 16,500; March, Rs. 13,000; and April, Rs. 14,000. Purchases are usually paid by the 10^{th} of the month following the month of purchase. Other cash expenditure of Rs. 41,000 is forecasted for each month.

Calculate:

i) Expected cash collection during February
ii) Expected cash balance, February, 1
iii) Expected cash balance, February, 28.