

Code No: **21BA1T3****I MBA - I Semester Regular Examinations, APRIL -2022****ACCOUNTING FOR MANAGERS**

Duration: 3 Hours

Max. Marks: 70

- Note: 1. This question paper contains three Parts-A, Part-B and Part-C.
2. Part-A contains 8 short answer questions. Answer any **Five** Questions.
Each Question carries 2 Marks.
3. Part-B contains 5 essay questions with an internal choice from each unit.
Each Question carries 10 marks.
4. Part-C contains one Case Study for 10 Marks.
5. All parts of Question paper must be answered in one place

PART - A

5 x 2 = 10 M

1. a) Distinguish between single entry system and double entry system.
- b) List out the advantages of Trading Account.
- c) Outline the method of horizontal analysis.
- d) What is Marginal Cost?
- e) Differentiate Fixed and Flexible budgets.
- f) Explain Du-Pont chart theory.
- g) Why depreciation has to calculate?
- h) Write about Zero Base Budgeting.

PART -B

5 x 10 = 50 M

UNIT - I

2. a) Write about the accounting concepts and conventions. 5 M
- b) Write difference between cost accounting and financial accounting. 5 M

OR

3. a) Discuss the various stages of accounting cycle. 5 M

- b) Define Management Accounting. Explain objectives of 5 M
Management Accounting.

UNIT – II

4. a) Examine the causes of depreciation and factors influencing 5 M
on depreciation.
- b) You are required to Show Trial balance as on 31.3.2022 5 M
under balances method from the following information
Drawings Rs.4,000; Discount Allowed Rs. 1,500;
Discount Received Rs. 500; Office Expenses Rs. 2,000;
Manufacturing Expenses Rs. 1,200; Bills Payable
Rs.17,000; Bills Receivable Rs.10,000; Cash in Hand
Rs.4,800; Cash at Bank Rs.30,800; Office Rent Rs.3,600;
Bharat Capital Rs.2,00,000; Machinery Rs. 60,000; Stock
as on 1.4.2021 Rs. 32,000; Wages Rs.1,00,000; Carriage
Inwards Rs.1,000; Salaries Rs.10,000;Factory Rent Rs.
4,800 ; Repairs Rs. 800; Fuel &Power Rs. 5,000;
Furniture Rs. 11,000; Buildings Rs.80,000; Sundry
Debtors Rs.40,000; Sales Rs.4,07,200; Purchases
Rs.2,44,000; Creditors Rs.25,000; Returns Inwards
Rs.7,200; Returns Outwards Rs.4,000.

OR

5. a) Demonstrate the objectives and methods of inventory 5 M
valuation.
- b) A Machine was purchased for Rs.50,000 on 1-1-2021 and 5 M
it was sold on 31-12-2021 for Rs.40,000. Depreciation
was charged @10% p.a. under Diminishing Balance
Method. Prepare machinery A/c and depreciation A/c for
up to the date of sale. Calculate profit or loss on the sale
of the machine.

UNIT-III

6. a) Explain the significance and limitations of financial 5 M
statement analysis.

- b) **Calculate** i) Gross profit ratio ii) Net profit ratio iii) Operating ratio iv) Operating profit ratio v) Cost of goods sold ratio from the following Trading and Profit and Loss Account: 5 M

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Particulars	Amount Rs.	Particulars	Amount Rs.
To Opening stock	40,000	By Net sales	1,20,000
To Purchases	70,000	By Closing stock	30,000
To Wages	20,000		
To Gross profit	20,000		
	1,50,000		1,50,000
To Office expenses	20,000	By Gross profit	20,000
To Selling and Distribution expenses	20,000	By Sundry receipts	30,000
To Net Profit	10,000		
	50,000		50,000

OR

7. Compute i) Debt equity ratio ii) Proprietary ratio iii) fixed assets ratio iv) interest coverage ratio from the following balance sheet. 10 M

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Equity Share Capital	10,00,000	Goodwill	5,00,000
6% Preference Share Capital	5,00,000	Plant & Machinery	6,00,000
General Reserve	1,00,000	Land & Building	7,00,000

Surplus (P&L A/c)	4,00,000	Furniture	1,00,000
12% Debentures	5,00,000	Stock- in - Trade	6,00,000
Creditors	80,000	Bills Receivables	30,000
Bank Overdraft	20,000	Debtors	1,50,000
Bills Payable	1,24,000	Bank Balance	2,00,000
Provision for Taxation	1,76,000	Marketable Securities	20,000
	29,00,000		29,00,000

Other information: Earnings before interest and taxes (EBIT) Rs.5,00,000.

UNIT – IV

8. a) How Break –even analysis is used by the manager in their day-to-day operations? 5 M
- b) A manufacturer has sale of Rs.15, 000 at a profit of Rs.400. If he sells Rs.19, 000, he makes a profit of Rs.1, 200. Find out Contribution margin ratio, BEP Sale for a profit of Rs. 4,400. 5 M

OR

9. a) "Most of the cost concepts are overlapping and repetitive". Do you agree with this statement? Simplify your answer. 5 M
- b) A firm starts its business with fixed expenses of Rs.60, 000 to produce commodity X. its variable cost is Rs.2 per unit. Prevailing market price of the product is Rs.6. How much the firm should produce to earn profit of Rs.20, 000 at this price? 5 M

UNIT – V

10. a) Design the steps involved in the budgetary control. 5 M
b) Write the best suitable applications for the Master budget. 5 M

OR

11. a) Illustrate the sales budget with appropriate applications. 5 M
b) From the information below, prepare a cash budget for the period from January to April. 5 M

Expected Sales	Expected Purchase
\$	\$
Jan. 60,000	Jan. 48,000
Feb. 40,000	Feb. 80,000
Mar. 45,000	Mar. 81,000
Apr. 40,000	Apr. 90,000

The wages to be paid to workers amount to \$5,000 each month. Also, the bank balance on 1st January was \$8,000. The management decided on the following:

- If the deficit fund is within the limit of \$10,000, it is possible to make arrangements with the bank.
- If the deficit fund exceeds \$10,000 but is within the limit of \$42,000, the issue of debentures is preferred.
- If the deficit fund exceeds \$42,000, the issue of shares is preferred (considering the fact that it is within the limit of authorized capital).

PART –C

10 M

CASE STUDY

12. From the given statements of Rama Krishna Books analyze the:
- i) Debtors turnover ratio
 - ii) Creditors turnover ratio
 - iii) Inventory turnover ratio.

Balance Sheet of Mr.Rama Krishna Ltd as on 31st March, 2018.

Liabilities	Amount (Rs.)	Assets	Amount(Rs.)
Capital	15,00,000	Fixed Assets	16,50,000
Reserves	6,00,000	Closing	9,10,000
Debentures	5,00,000	Trade	12,40,000
Bank Overdraft	2,00,000	Investments (Short-Term)	1,60,000
Trade Creditors	12,00,000	Cash –in-hand	40,000
	40,00,000		40,00,000

Other Information:

1. Annual credit sales amounted to Rs. 74,40,000.
2. Gross profit Rs. 7,44,000.
3. Annual credit purchases Rs.24,00,000.