Code: **17BA1T3**

PVP 17

I MBA - I Semester-Regular/Supplementary Examinations December 2018

ACCOUNTING FOR MANAGERS

Duration: 3 hours   Max. Marks: 60

SECTION-A

1. Answer the following: **5 x 2 = 10 M**

a) Single (vs) double entry system
b) Methods of depreciation
c) ROI
d) Marginal cost
e) Types of budgets

SECTION – B

Answer the following: **5 x 8 = 40 M**

2. a) Explain about objectives, nature and scope of financial accounting.

(OR)

b) Explain the difference between single entry and double entry of accounting.

3. a) On January 1, 2014 a firm purchases machine worth Rs. 5,00,000 on July 1, 2016 it buys additional machinery worth Rs. 1,00,000 and spend Rs. 10,000 on its erection the accounts are closed each year on December 31 assuming the annual depreciation 10% show the machinery a/c for 5 years under diminishing balance method.

(OR)

b) The following are the balance extracted from the books of Narendra Sharma on 31 Dec, 2013 prepare trading, profit and loss a/c and balance sheet after considering the adjustments given below:

Particulars	**Amount**	**Particulars**	**Amount**
Capital	35,000	Tax & insurance	2,000
Drawings	6,000	General expenses	4,000
Furniture	2,600	Salaries	12,000
Bank overdraft	4,200	Commission (Dr)	1,600
Sundry creditors	13,800	Carriage	2,000
Business premises	24,000	Discount (Dr)	2,000
Opening stock	20,000	Discount (Cr)	2,000
Debtors	15,000	Bad debts	800
Rent from tenants	1,000	Sales return	2,000
Purchases	1,12,000	Sales	1,50,000

Adjustments

1. Stock in hand on 31/12/2013 Rs. 20,000.
2. Write off depreciation on business premises Rs.1,000 and Furniture Rs. 600.
3. Make a reserve of 5% on debtors for doubtful debts.
4. Allow interest on capital at 5%.
5. Carry forward Rs. 200 for unexpired insurance.

4. a) Explain the Differences between horizontal and vertical analysis.

(OR)

b) Ram and company supplies you the firm information regarding the year ending 31st December .

Particulars	Amount
Cash	80,000
Credit sales	2,00,000
Return inward	10,000
Opening stock of inventory	25,000
Closing stock of inventory	30,000
Gross profit	25%
Opening stock of debtors	25,000
Closing stock of debtors	50,000

Find inventory turnover ratio and stock turn over period and debtors turnover ratio and average collection period.

5. a) Explain about marginal cost and its application of marginal costing for cost control.

(OR)

b) ABC wishes to know its Break Even Point of production and Margin of Safety during the JULY to DECMBER, from the following information.

Particulars	JAN – JUNE	JULY –DEC
Sales	2,00,000	2,50,000
Net Profit	20,000	30,000

6. a) What is the difference between fixed and flexible budget?

(OR)

b) With the help of the following given expenses, prepare a budget for production of 10,000 units. Prepare flexible budgets for 5,000 and 8,000 units.

Costs	Price per Unit(Rs.)
Material	75
Labor	20
Variable Factory Overheads	15
Fixed Factory Overheads (Rs. 50,000)	5
Variable Expenses (Direct)	6
Selling Expenses (20% Fixed)	20
Distribution Expenses (10% fixed)	10
Administrative Expenses (Rs. 70,000)	7
Total cost of Sale per unit	158

SECTION-C

7. Case Study **1 x 10 = 10 M**

Prepare cash budget for January-June from the following information:

Particulars	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
SALES	2,00,000	2,20,000	1,20,000	1,00,000	1,50,000	2,40,000	2,00,000	2,00,000
WAGES & SALARIES	30,000	30,000	24,000	24,000	24,000	30,000	27,000	27,000
MISCELLA NEOUS EXPENSES	27,000	27,000	21,000	30,000	24,000	27,000	27,000	27,000

Additional information:

i) 20% of the sales are on cash and balance on credit.

ii) The firm has a gross margin of 25% on sales.

iii) 50% of the credit sales are collected in the month following the sales, 30% in the second month and 20% in the third month.

iv) Material for the sale of each month is purchased one month in advance on credit for 2 months.

v) Time –lag in the payment of wages and salaries are 1/3 of amount and of miscellaneous expenses one month.