

Code: 17BA1T3

**I MBA - I Semester - Regular/Supplementary Examinations  
January 2020**

**ACCOUNTING FOR MANAGERS**

Duration: 3 hours

Max. Marks: 60

**SECTION-A**

**1. Answer the following:**

**5 x 2 = 10 M**

- a) GAAP.
- b) Balance Sheet.
- c) Ratio Analysis.
- d) CVP Analysis.
- e) Cash Budget.

**SECTION – B**

**Answer the following:**

**5 x 8 = 40 M**

2. a) What is the importance of Accounting? Explain the scope of accounting.

OR

b) What are the objectives of Management Accounting? Illustrate the advantages of Management Accounting.

3. a) What is meant by depreciation? Explain its causes and methods.

OR

b) Define Working Capital. How do you prepare Funds Flow Statements?

4. a) What do you mean by Comparative Balance Sheet Analysis? Differentiate between horizontal and vertical analysis.

OR

b) How do you analyse Financial Statements of a company? Explain.

5. a) Define Marginal Cost. Explain its Assumptions, Limitations and Applications.

OR

b) From the following data, you are required to calculate:

(i) P/V ratio

(ii) Break-even sales with the help of P/V ratio.

(iii) Sales required to earn a profit of Rs.4,50,000

Fixed Expenses = Rs. 90,000

Variable Cost per unit:

Direct Material = Rs. 5

Direct Labour = Rs. 2

Direct Overheads = 100% of Direct Labour

Selling Price per unit = Rs. 12.

6. a) Differentiate between fixed budget and flexible budget.

OR

b) A Company wishes to arrange overdraft facilities with its bankers during the period April to June when it will be manufacturing mostly for stock. Prepare a Cash Budget

including the extent of bank facilities the company will require at the end of each month for the above period from the following data.

Month	Sales	Purchases	Wages
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,25,000	2,68,000	15,000

1. 50 percent of credit sales is realised in the next month following the sale and the remaining 50 percent in the following second month. Creditors are paid in the same month.
2. Cash at bank on the 1<sup>st</sup> April (estimated) is Rs. 25,000.

## SECTION-C

### 7. Case Study

**1 x 10 = 10 M**

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Opening stock	24,000	Sales	4,00,000
Purchases	1,60,000	Return outwards	3,500
Cash in hand	16,000	Capital	1,50,000
Cash at bank	32,000	Creditors	64,000
Return inwards	4,000	Bills payable	20,000
Wages	22,000	Commission received	3,000
Fuel and Power	15,000		

Carriage inwards	5,000		
Insurance	8,000		
Buildings	1,00,000		
Plant	80,000		
Patents	30,000		
Salaries	28,000		
Furniture	20,000		
Drawings	18,000		
Rent	2,000		
Debtors	80,000		
	6,44,000		6,44,000

Adjustments	Rs.
(a) Salaries outstanding	12,000
(b) Wages outstanding	6,000
(c) Commission is accrued	2,400
(d) Depreciation on Building 5% and Plant 3%	
(e) Insurance paid in advance	700
(f) Closing Stock	12,000