

## MBA 03 R

M.B.A. DEGREE EXAMINATION,  
DECEMBER 2012/JANUARY 2013.

First Semester

General, Finance, Markets, HRM, IB, RM, Tourism

### ACCOUNTING FOR MANAGERS

(2012 – 13 Batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain money measurement concept.
2. What are the causes for depreciation?
3. Explain the difficulties in the installation of a costing system.
4. From the following trading account, calculate stock turnover ratio :

	Rs.		Rs.
To Opening stock	15,920	By Sales	78,000
To Purchases	39,000	By Closing stock	14,400

	Rs.	Rs.
To Carriage	1,000	
To Gross profit	36,480	
	<u>92,400</u>	<u>92,400</u>

5. From the following information, calculate finals lost in operations.

Net loss for the year Rs. 90,000, Dividend received Rs. 7,000, Depreciation charged Rs. 10,000, Profit on sale of asset Rs. 5,000, Refund of tax Rs. 2,000.

6. Calculate cash from operations :

Net profit for 1998 Rs. 25,000, depreciation Rs. 1,000 prepaid expenses 1.1.98 Rs. 2,000, prepaid expenses 31.12.98 Rs. 1,000, outstanding salary 31.12.98 Rs. 500.

7. Calculate B.E.P. fixed expenses Rs. 1,50,000, variable cost per unit Rs. 10, selling price per unit Rs. 15.

8. Product 'X' requires 20 Kgs of material at Rs. 4 per kg. The actual consumption of material for the manufacturing of product 'X' came to 24 kgs of material at Rs. 4.50 per kg. Calculate.

- (a) Material cost variance
- (b) Material price variance
- (c) Material usage variance.

The above figures are for an output of 50,000 units. The capacity for the firm is 65,000 units. A foreign customer is desirous of buying 15,000 units at a price of Rs. 10 per unit.

Advise the manufacturer whether the order should be accepted. What will be your advise if the order were from a local merchant?

**PART B — (5 × 10 = 50 marks)**

Answer any FIVE questions.

9. Explain the conventions of financial statements.
10. Explain the managerial uses of ratio analysis.
11. Write a note on P.V. ratio and margin of safety.

12. Journalise the following transactions :

March 1	Sold goods to 'R' for cash	Rs. 950
2	Sold goods to 'M'	Rs. 700
3	Cash sales	Rs. 1,200
4	Murthy bought goods	Rs. 350
5	Sold old machinery	Rs. 1,400

13. Prepare a schedule of changes in working capital and a statement of sources and application of funds from the following summarised balance sheets of Srikrishna Ltd.

Liabilities	2009 Rs.	2010 Rs.	Assets	2009 Rs.	2010 Rs.
Share capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
Profit & loss a/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	1,43,000	2,70,000
	<u>5,20,000</u>	<u>6,76,000</u>		<u>5,20,000</u>	<u>6,76,000</u>

14. From the following information calculate :

- (a) P.V. ratio
- (b) B.E. point
- (c) Profit
- (d) Margin of safety

Total fixed cost Rs. 4,500 total variable cost Rs. 7,500, total sales Rs. 15,000.

- (e) Also calculate the volume of sales to earn profit of Rs. 6,000.

15. From the following information, calculate labour cost variance, labour rate variance, labour efficiency variance and Idle time variance.

Standard hours 5,000, Standard wage rate Rs. 4 per hour, Actual hours 6,000, actual wage rate Rs. 3.50 per hour. Time lost on account of machinery break down; 300 hours.

16. From the following details, find out :

- (a) Current assets
- (b) Current liabilities
- (c) Liquid assets and
- (d) Stock.

Current ratio 2.5, Liquid ratio 1.5

Working capital Rs. 90,000.

**PART C — (20 marks)**

**Compulsory.**

17. Case study :

The cost sheet of a product is given below :

	Rs.
Direct material	5.00
Direct wages	3.00
Factory overhead :	
Fixed	Re. 0.50
Variable	Re. 0.50      1.00
Administrative expenses :	0.75
Selling and distribution overhead :	
Fixed	Re. 0.25
Variable	Re. 0.50      0.75
	10.50

Selling price per unit is Rs. 12.00