

**Avinashilingam Institute for Home Science and Higher Education for Women,  
(Deemed to be University), Coimbatore – 641 043**

**Master's Degree Examination – November 2018**

**Semester – I**

Class : I PG  
Major: Business Administration

Time: 3 Hours  
Max. Marks: 60

**17MBAC02 Accounting For Managers**

**PART – A**

**(10 X ½ = 5)**

**Choose the correct answer**

1. \_\_\_\_\_ is a book of primary entry or original entry.  
a) Journal b) Ledger c) Trial Balance d) Balance Sheet
2. After balancing the ledger accounts of business enterprises, a statement is prepared to show separately the debit and credit balances. Such a statement is known as \_\_\_\_\_.  
a) Journal b) Trial Balance c) Subsidiary books d) Cash Book
3. Debt Equity Ratio is:  
a) Liquidity Ratio b) Profitability Ratio c) Solvency Ratio d) Short-term Ratio
4. Sale of investments indicate:  
a) Application of funds b) change in current assets c) change in current liabilities d) Source of funds.
5. Total of Direct costs is termed as \_\_\_\_\_ cost.  
a) Prime b) Works c) Office d) Selling
6. Process Costing is suitable to industries where:  
a) Production is as per customer specifications b) Production is carried on in two or more consecutive stages, c) specialized services are tendered d) Contracts are undertaken.
7. Fixed cost + Profit is equivalent to \_\_\_\_\_  
a) Sales b) BEP c) Contribution d) Production
8. \_\_\_\_\_ refers to ascertainment of level of operations where total revenue equals to total cost.  
a) P/V Ratio b) Margin of Safety c) EOQ d) BEP
9. \_\_\_\_\_ is prepared to estimate cash inflows and outflows.  
a) Cash Budget b) Production Budget c) Sales Budget d) Master Budget
10. A \_\_\_\_\_ is a financial plan that lists the number of units to be manufactured during a period.  
a) Fixed Budget b) Production Budget c) Flexible Budget d) Semi-flexible budget.

**PART – B**

**( 5 X 4 = 20)**

**Answer All Questions**

**Answer should not exceed 200 words or one page**

11. (a) Explain various accounting concepts briefly.  
(OR)  
11. (b) What are the causes for Depreciation?
12. (a) Distinguish between Funds Flow Statement and Cash Flow Statement.  
(OR)  
12.(b) From the following P/L A/C, prepare a common size income statement.  
(Rs. In thousands)

Particulars	2007	2008	Particulars	2007	2008
To Cost of goods sold	12,000	15,000	By Net Sales	16,000	20,000
To Administrative Exp.	400	400			
To Selling Expenses	600	800			
To Net Profit	3,000	3,800			
	16,000	20,000		16,000	20,000

- 13.(a) Explain the classification of costs.  
(OR)  
(b) During the year 2008, X Ltd., produced 50,000 units of a product.  
The following were the expenses:

	Rs.
Stock of raw materials on 1.1.2008	10,000
Stock of raw materials on 31.12.2008	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office Expenses	62,500
Selling Expenses	25,000

You are required to prepare a Cost Sheet showing cost per unit and total cost at each stage.

14. (a) What are the advantages of Break-Even Analysis?  
(OR)  
(b) From the following information relating to Shan Industries Ltd., you are required to calculate (a) P/V Ratio, (b) BEP.
- Total fixed costs Rs.4,500  
Total Variable costs Rs.7,500  
Total Sales Rs.15,000.
15. (a) What are the types of Budgets?  
(OR)  
(b) What are the essentials of Good Report?

## PART – C

( 5 X 7 = 35 )

Answer all Questions

Answer should not exceed 600 words or three pages

**Question No. 20 is compulsory**

16. (a) What are the differences between Journal and Ledger?

(OR)

(b) The following are the ledger balances extracted from the books of Vivek.

	Rs.		Rs.
Vivek's Capital	50,000	Sales	3,01,000
Bank Overdraft	8,400	Return inwards	5,000
Furniture	5,200	Discount (Cr.)	800
Business premises	40,000	Taxes & Insurance	4,000
Creditors	26,600	General Expenses	8,000
Opening Stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent from tenants	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for doubtful debts	1,000
		Bad debts written off	1,600

Adjustments:

1. Stock on hand on 31.12.1995 was estimated as Rs.40,120
2. Write off depreciation on business premises Rs.600 and furniture Rs.520
3. Make a provision of 5% on debtors for bad and doubtful debts
4. Allow interest on Capital at 5% and carry forward Rs.1,400 for unexpired insurance.

Prepare Final Accounts for the year ended 31.12.1995.

17. (a) What are the Uses and Limitations of Ratio Analysis?

(OR)

(b) Balance Sheets of M/s. Black and White as on 1.1.1986 and 31.12.1986 were as follows:

## BALANCE SHEET

Liabilities	1.1.1986	31.12.1986	Assets	1.1.1986	31.12.1986
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. White's Loan	25,000	----	Debtors	30,000	50,000
Loan from	40,000	50,000	Stock	35,000	25,000
P.N.Bank	1,25,000	1,53,000	Machinery	80,000	55,000
Capital			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year machine costing Rs.10,000 (accumulated depreciation Rs.3,000) was sold for Rs.5,000. The provision for depreciation against machinery as on 1.1.1986 was Rs.25,000 and on 31.12.1986 Rs.40,000. Net Profit for the year 1986 amounted to Rs.40,000.

You are required to prepare Funds Flow Statement.

18. (a) What are the differences between Financial Accounting and Management Accounting?

(OR)

(b) The product of a company passes through two processes to completion known as A and B. From past experience it is ascertained that loss is incurred in each process as:

Process A – 2%, Process B - 5%.

In each case the percentage of loss is computed on the number of units entering the process concerned.

The loss of each process possesses a scrap value. The loss of process A and B is sold at Rs.5 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed into stock.

	Process A	Process B
	Rs.	Rs.
Materials consumed	6,000	4,000
Direct Labour	8,000	6,000
Manufacturing expenses	1,000	1,000

20,000 units have been issued to Process A at a cost of Rs.10,000. The output of each process has been as under:

Process A 19,500; Process B 18,800

Prepare Process Accounts.

19. (a) Explain the Advantages and Limitations of Standard Costing.

(OR)

(b) The standard quantity and standard price of raw material required for one unit of product A are given below:

	Quantity	Standard Price
Material X	2 kgs.	Rs. 3 per kg.
Material Y	4 kgs.	Rs. 2 per kg.

The actual production and relevant data are as follows:

Output 500 units of product A

Material	Total Quantity For 500 units	Total Cost Rs.
X	1,200 kg.	3,900
Y	1,800 kg.	4,500

20. Compulsory:

Bharath Ltd., wishes to arrange overdraft facilities with its bankers during the period April to June, 2013 when it will be manufacturing mostly for stock. Prepare a Cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month:

(a)	Credit Sales Rs.	Purchases Rs.	Wages Rs.
February 2013	1,80,000	1,24,000	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	1,26,000	2,68,000	15,000

(b) 50 percent of credit sales are realized in the month following the sales and the remaining 50 percent in the second month following.

(c) Creditors and wages are paid in the month following the month of purchase.

(d) Cash at bank on 1.4.2013 (estimated) Rs.25,000.

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