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P.E.S. College of Engineering, Mandya - 571 401

(An Autonomous Institution affiliated to VTU, Belgaum)

First Semester, Master of Business Administration (MBA)

Make-up Examination; Feb - 2017

Accounting for Managers

Time: 3 hrs

Max. Marks: 100

Note: Answer all FOUR full questions from PART - A and PART - B (Case study) is compulsory.

PART - A

- 1 a. Calculate BEP units and BEP in sales value for the following :
- Total fixed cost = ` 12,000 10
- Selling price per unit = ` 12
- Variable cost per unit = ` 9
- b. Write a note on subsidiary book along with illustrative example. 10

OR

- 2 a. Explain accounting principles that should be kept in mind while preparing financial statement. 10
Justify your answer with suitable examples.
- b. Define accounting. Explain briefly the uses of accounting information. 10
- 3 a. Explain the concept of cost and its classification. 10
- b. From the following details find out :
- i) Profit volume ratio
- ii) Marginal safety 10
- iii) BEP in sales
- Sales ` 1, 00,000 Fixed Cost ` 20,000
- Total Cost ` 80,000 Net Profit. ` 20,000

OR

- 4 a. Discuss the problems commonly encountered in financial statement analysis. 10
- b. Anusha and Co. purchased a plant for sum of ` 1,00,000 on 1-1-2011 and paid ` 20000 as installation charges plant is estimated to have a scrap value of ` 10000 at the end of its useful life for 5 years. Prepare plant A/C for 5 years charging depreciation according to straight line method. 10
- 5 a. What do you mean by depreciation? Explain the methods followed in calculating depreciation. 10
- b. Discuss the difference between cash flow and fund flow statement. 10

OR

- 6 a. Prepare bank reconciliation statement of M/s Maanya and Co. as on 31st March 2016 from the following information. 10
- Cash at bank as per bank statement ` 15,800/-

Cheques on ` 200, 400, 500 and 600 were issued but the cheque submitted into bank ` 2000 but not entered in the pass book.

A wrong debit of ` 250 and a wrong credit of ` 200 appear in the pass book.

Interest on dividend collected by the bank ` 3,100

Bank charges debited in PB ` 120.

- b. From the following information prepare Schedule of Changes in Working Capital Adjusted P and L account and FFS

Amount in Lakhs

| Liabilities | 2015 | 2016 | Assets | 2015 | 2016 |
|---------------------|-------|-------|------------------------|-------|-------|
| Share Capital | 10 | 15 | Building | 10 | 13 |
| General reserves | 3 | 4 | Machinery | 20 | 50 |
| P & L A/c | 2 | 1.5 | Current Assets: | | |
| Unsecured loan | - | 11.0 | Debtors | 5 | 4 |
| Current liabilities | | | Short loan investment | 5 | 2 |
| Creditors | 4 | 6 | Stock | 6 | 5 |
| Bank OD | 2 | 4 | | | |
| Secured Loan | 10 | 12.5 | | | |
| 12% Debentures | 15 | 20 | | | |
| Total | 46.00 | 74.00 | | 46.00 | 74.00 |

Adjustments:

- i) Dividends declared on share capital @ 10% during 2016
- ii) Building worth ` 4,00,000 depreciated during the year
- iii) Machinery sold worth ` 4,00,000 whose book value ` 6 lakhs. Depreciation provided on machinery @ 10%.

- 7 a. From the following data calculate :

Gross profit ratio, Net profit ratio, Operating ratio, Operating profit ratio.

Alpha manufacturing co. has drawn the following P and L A/c for the year ended 31st March.

| | | | |
|------------------------------------|----------|---|----------|
| To opening stock | 26,000 | By sales | 1,60,000 |
| To purchases | 80,000 | By closing stock | 38,000 |
| To wages | 24,000 | | |
| To manufacturing exps. | 16,000 | | |
| To GP c/d | 52,000 | | |
| | 1,98,000 | | 1,98,000 |
| To S & D exps. | 4,000 | By GP b/d | 52,000 |
| To admin exps. | 22,800 | By compensation for acquisition of fund | 4,800 |
| To general expenses | 1,200 | | |
| To value of furniture lost by fire | 8,000 | | |
| To Net profit | 28,000 | | |
| | 56,800 | | 56,800 |

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b. Following are the details furnished by CB ltd a Brick Manufacturing Co.

| | |
|------------------------|-----------------|
| Brick manufactured | 5,00,000 bricks |
| Clay purchased | ₹ 40,000 |
| Unused clay | ₹ 2000 |
| <u>Wages:</u> | |
| For Clay digging | 6,000 |
| For brick making | 60,000 |
| Other direct expenses | 12,000 |
| Factory supervision | 8000 |
| Staff bonus & salary | 24,000 |
| Bonus to workers | 12,000 |
| Rent rates & insurance | 4,000 |

10

Selling and distribution O/H

10 Paise per Bricks sold

Stock of bricks 1/4/2014 (50,000 bricks)

On 31-03-2015 (1,50,000 bricks)

Selling price ₹ 1000 per 1000 bricks

Compute cost and profit per 1000 bricks.

OR

8. Write short notes on Four of the following carrying equal marks :

- i) Window dressing ii) GAAP
- iii) G.W iv) IFRS
- v) Auditors Report vi) Final Accounts.

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PART - B (Compulsory)

9. **Case Study:**

Following is the trial balance of Jhanu and Co. for the year ending 31st Dec. 2015 You are required to prepare trading and P and L A/C and Balance sheet

| Particulars | Debit | Credit |
|----------------------|--------|--------|
| Share capital | - | 60,00 |
| Reserve fund | - | 16,000 |
| Good will | 12,000 | - |
| Building | 50,000 | - |
| Machinery | 60,000 | - |
| Furniture | 14,000 | - |
| Preliminary expenses | 8,000 | - |

20

| | | |
|---------------------|----------|----------|
| Purchases and sales | 96,000 | 1,78,000 |
| Returns | 6,000 | 8,000 |
| Wages | 9,200 | - |
| Discount | - | 2,400 |
| Carriage | 8,300 | |
| P and L A/c | - | 32,200 |
| Opening stock | 30,000 | - |
| Audit fees | 4,200 | - |
| Dividend | 3,700 | - |
| B/R and B/P | 12,000 | 11,000 |
| Calls in arrears | 4,000 | - |
| Cash | 5,500 | - |
| Drs and Crs. | 14,000 | 17,200 |
| Investment | 17,000 | - |
| 10% debenture | - | 40,000 |
| Bank overdraft | - | 5,200 |
| Bad debts | 2,700 | - |
| Salaries | 13,400 | - |
| | 3,70,000 | 3,70,000 |

Contd....4

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