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Sub. Code : WBAM 14/
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M.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2024.

First Semester

Business Administration — Core

ACCOUNTING FOR MANAGERS

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (15 × 1 = 15 marks)

Answer ALL questions.

Choose the correct answer :

1. _____ is a specialised branch of accounting that keeps track of a company's financial transactions.

- (a) Cost accounting
- (b) Management accounting
- (c) Financial accounting
- (d) Corporate accounting

Particulars	Per unit
Administrative expenses (40% variable)	15
Fixed overheads (Rs. 7,500)	15
Selling cost per unit	122

You are required to prepare a budget for production of (i) 700 units and (ii) 900 units.

Or

- (b) What is zero base budgeting? Explain its advantages.

25. (a) Discuss the various methods of costing.

Or

- (b) From the following data, calculate labour variances for the two departments.

	Dept. A	Dept. B
Actual direct wages	Rs. 80,000	Rs. 72,000
Standard hours produced	10,000	8,000
Standard rate per hour	Rs. 8	Rs. 10
Actual hours worked	12,000	7,000



2. _____ explain the financial position of the reporting entity at the end of the accounting period.
- (a) Balance sheet
 - (b) Income statement
 - (c) Ledger
 - (d) Notes and schedules
3. _____ helps to find out the profit made on loss sustained in a particular accounting period through transactions and events.
- (a) Income statement
 - (b) Profit and loss account
 - (c) Trading account
 - (d) None of the above
4. Sources and uses of funds statements are examined as part of a _____.
- (a) forecasting technique
 - (b) ratio analysis
 - (c) preparation of the balance sheet
 - (d) funds flow analysis

5. Which of the one following statement is not a tool in financial statement analysis?
- (a) ratio analysis
 - (b) common size statement
 - (c) comparative statements
 - (d) marginal costing
6. In the long run analysis of financial statements the stress is on the
- (a) liquidity (b) profitability
 - (c) solvency (d) growth
7. The costing method where fixed factory overheads are added to inventory is called _____.
- (a) activity based costing
 - (b) absorption costing
 - (c) marginal costing
 - (d) all of the above
8. Contribution margin in marginal costing is also known as _____.
- (a) Net income
 - (b) Gross profit
 - (c) Marginal income
 - (d) None of the above



9. Variable cost is also referred to as _____ in the marginal costing techniques.
- (a) total cost
 - (b) product cost
 - (c) period cost
 - (d) none of the above
10. Budgetary control helps in implementation of
- (a) standard costing
 - (b) marginal costing
 - (c) ratio analysis
 - (d) technical analysis
11. Summary budget may be regarded as
- (a) functional budgets
 - (b) performance budget
 - (c) master budget
 - (d) sales budget
12. A flexible budget requires careful study and classification of expenses into
- (a) past and current expenses
 - (b) fixed semi-variable and variable expenses
 - (c) administrative selling and factory expenses
 - (d) none of the above

13. Basic objective of cost accounting is _____.
- (a) tax compliance
 - (b) financial audit
 - (c) cost ascertainment
 - (d) profit analysis
14. Total of all direct cost is termed as _____.
- (a) prime cost
 - (b) works cost
 - (c) cost of sales
 - (d) cost of production
15. ABC analysis is
- (a) At Best Control
 - (b) Always Better Control
 - (c) Average Better Control
 - (d) All Best Control

PART B — (5 × 4 = 20 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) Journalise the following :
- (i) Paid cash to Hari Rs. 300
 - (ii) Cash sales Rs. 600
 - (iii) Sold goods to Selvan on credit Rs. 1,000
 - (iv) Received cash from Muthu Rs. 500.

Or



- (b) From the following information given below prepare Trading Account.

	Rs.
Opening stock	1,00,000
Purchases	1,50,000
Purchase returns	25,000
Direct expenses	10,000
Carriage inwards	5,000
Sales	4,00,000
Closing stock	50,000

17. (a) Prepare common size Income Statement.

Profit and Loss Account					
Particulars	1985	1986	Particulars	1985	1986
	Rs.	Rs.		Rs.	Rs.
To cost of good sold	300	375	By Net sales	400	500
To operating expenses :					
Administrative	10	10			
Selling	15	20			
Net profit	75	95			
	<u>400</u>	<u>500</u>		<u>400</u>	<u>500</u>

Or

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- (b) Calculate funds from operations from the following profit and loss account.

Profit and Loss Account			
Particulars	Rs.	Particulars	Rs.
To Expenses paid	1,00,000	By Gross profit	2,00,000
To Depreciation	40,000	By Gain on sale	
To Loss on		of machinery	20,000
sale of building	15,500		
To Discount	500		
To Goodwill	12,000		
To Net profit	52,000		
	<u>2,20,000</u>		<u>2,20,000</u>

18. (a) Vasanth Ltd presents the following results for one year. Calculate the P/V ratio BEP.

	Rs.
Sales	2,00,000
Variable costs	1,20,000
Fixed cost	50,000
Net profit	30,000

Or

- (b) How does marginal costing differ from absorption costing?

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19. (a) What are the essentials of a good budgetary control system?

Or

- (b) The following budget estimates are available from a factory working at 50% of its capacity.

	Rs.
Variable expenses	60,000
Semi variable expenses	20,000
Fixed expenses	10,000

Prepare a budget for 75% of the capacity assuming that semi variable expenses increase by 10% for every 25%.

20. (a) Discuss the uses of Accounting Information in managerial decision making.

Or

- (b) Calculate material cost variances from the following data.

	Standard	Actual
Quantity	400 kgs	460 kgs
Price	Rs. 2 per kg	Rs. 1.5 per kg
Value	Rs. 800	Rs. 690

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PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

21. (a) Following are the ledger balances of Sri Rao. You are asked to prepare trial balance as on 31.3.2000.

	Rs.
Opening stock	10,000
Salaries	5,000
Bills payable	5,000
Cash in hand	12,000
Bank overdraft	4,000
Debtors	15,000
Cash at bank	18,000
Sales	80,000
Wages	1,000
Prepaid insurance	2,500
Depreciation on plant	8,000
Capital	60,000
Creditors	10,000
Loan from Krishna	25,000
Discount allowed	700

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	Rs.
Accrued interest payable	5,000
Purchases	30,000
Reserve for bad debts	1,200
Trade expenses	500
Outstanding salaries	2,000
Plant and machinery	90,000
Outstanding interest on overdraft	500

Or

- (b) From the following Balance sheet of Aravind, prepare a Trading A/c, profit and loss A/c and Balance sheet as at 31st December 1995.

	Rs.
Credit balances :	
Capital	72,000
Creditors	17,440
Bills payable	5,054
Sales	1,56,364
Loan	24,000

	Rs.
Postage	546
Bad debts	574
Interest	2,590
Insurance	834
Machinery	20,000
Debit balances :	
Debtors	7,770
Salaries	8,000
Discount	2,000
Stock (1.1.95)	19,890
Purchases	1,24,184
Wages	8,600
Building	47,560
Furniture	32,310

Value of goods on hand on 31.12.95
Rs. 28,600.

22. (a) From the following Balance sheet calculate.
- Current ratio
 - Liquid ratio
 - Debt equity ratio
 - Proprietary ratio.



Balance Sheet			
	Rs.		Rs.
Share capital	5,00,000	Fixed assets	14,00,000
Reserves	3,00,000	Stock	5,00,000
6% debentures	11,00,000	Debtors	2,00,000
Bank overdraft	1,00,000	Cash	1,00,000
Creditors	2,00,000		
	<u>22,00,000</u>		<u>22,00,000</u>

Or

- (b) From the following Balance Sheets you are required to prepare funds flow statement.

Balance sheet					
Liabilities	2004	2005	Assets	2004	2005
	Rs.	Rs.		Rs.	Rs.
Share capital	40,000	45,000	Cash	30,000	47,000
Trade creditors	10,000	23,000	Debtors	1,20,000	1,15,000
P & L A/c	2,30,000	2,50,000	Stock in trade	80,000	90,000
	<u>2,80,000</u>	<u>3,18,000</u>	Land	<u>50,000</u>	<u>66,000</u>
				<u>2,80,000</u>	<u>3,18,000</u>

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23. (a) From the following information calculate :

- (i) Contribution
- (ii) Fixed cost
- (iii) Break even point
- (iv) Margin of safety as percentage of sales.

Particulars	First half (Rs.)	Second half (Rs.)
Sales	2,40,000	3,00,000
Total cost	2,18,000	2,60,000
Profit	22,000	40,000

Or

- (b) Explain the importance of marginal costing in decision making.

24. (a) The cost details obtained from financial records of Saga Ltd. for production of 500 units are given below :

Particulars	Per unit (Rs.)
Material	40
Labour	30
Variable overhead	12
Selling and distribution expenses (20% fixed)	10

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