

Code No: MB1613 /R16

MBA I Semester Supplementary Examinations, May-2022

ACCOUNTING FOR MANAGERS

Time: 3 Hours

Max. Marks: 60

*Answer Any FIVE Questions
All Questions Carry Equal Marks
Question No. 8 is Compulsory*

1. a Briefly explain different branches of accounting. (6 M)
b Who are the users of accounting information and what sort of information is available in Financial Accounting? (6 M)
2. a When India already has Accounting Standards, why did it move to new set of Indian Accounting Standards? Explain. (6 M)
b What are the main differences in the old and new accounting standards? (6 M)
3. Ratio analysis has many users. So explain with justification the ratios that you have to analyse that of a drug manufacturing company, when you are (12 M)
(a) A short term money lender
(b) supplier
(c) a retired employee who wants to invest
(d) a prospective distributor
(e) a debenture holder
(f) an existing equity investor.
4. a What is an opportunity cost? Discuss. (6 M)
b Explain controllable costs and non-controllable costs with an illustration. (6 M)
5. a What is Profit Volume Graph? Explain. (5 M)
b What do you understand by the term 'Break Even Point'? Why should it be calculated? (7 M)
6. Taking the data from the above balance sheet and assuming that its sales for the year of 2021 were Rs.1000000, Gross Profit was Rs.500000, EBT was Rs.200000, EAT was Rs.100000 and Preference dividend of Rs.35000, comment on the short-term liquidity position, long term solvency position and business activities of the company for the year 2021 by calculating relevant ratios. (12 M)
7. a Explain different types of costs used in cost accounting for the purpose of managerial decision making. (6 M)
b Explain various methods of preparation of cost sheet. (6 M)

8. Case study: From the given information Prepare Funds Flow Statement

(12M)

| Capital & Liabilities | 2021 | 2022 | Assets | 2021 | 2022 |
|----------------------------------|----------------|----------------|----------------------|----------------|----------------|
| Equity Share Capital | 2000000 | 3500000 | Land & Building | 3000000 | 4500000 |
| P&L Account | 500000 | 1000000 | Plant & Machinery | 2000000 | 3000000 |
| General Reserve | 500000 | 1000000 | Goodwill | 500000 | 300000 |
| Preference Share Capital | 1000000 | 500000 | Preliminary Expenses | 300000 | 200000 |
| Debentures | 1000000 | 1000000 | Patents | 500000 | 400000 |
| Long Term Loans | 1000000 | 800000 | Stock | 500000 | 400000 |
| Creditors | 300000 | 500000 | Debtors | 300000 | 500000 |
| Advance Receipts | 500000 | 200000 | Cash | 400000 | 100000 |
| Short term Loans | 400000 | 700000 | | | |
| Bills Payable | 300000 | 200000 | | | |
| Total | 7500000 | 9400000 | Total | 7500000 | 9400000 |

Additional information:

- Preference Shares issued during the year Rs.200000
- Debentures redeemed during the year Rs.300000
- Long term loans raised during the year Rs.400000
- Provide 10% Depreciation on Building
- A part of machine originally casting Rs.500000 with accumulated depreciation of Rs.100000 was sold for 300000
- Income Tax paid during the year Rs.500000
- Dividends received during the year Rs.600000
