

QP Code

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Register Number

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## VELALAR COLLEGE OF ENGINEERING AND TECHNOLOGY

(An Autonomous Institution, Affiliated to Anna University, Chennai)

Semester Examinations – April / May 2017

Regulations-2016

Programme: MBA

Semester: 1

Max. Marks: 100

Duration 3 Hrs

Course Code & Title: **16MST16 ACCOUNTING FOR MANAGERS**

Knowledge Levels  
(KL)

K1 - Remembering  
K2 - Understanding

K3 - Applying  
K4 – Analyzing

K5 – Evaluating  
K6 – Creating

### Part A - Answer ALL Questions.

**10 x 2 = 20 Marks**

No.	Question	KL
1.	Specify the Accounting Concepts.	K1
2.	Identify the meaning of Final Accounts.	K2
3.	Define Management Accounting.	K1
4.	Define Financial Accounting.	K1
5.	Summarize Inventory Turnover Ratio.	K2
6.	Indicate the meaning of Total Asset Turnover Ratio.	K2
7.	Differentiate cost unit and cost centre.	K4
8.	Write short notes on activity based costing.	K1
9.	Classify the term Budget.	K2
10.	Summarize the Objectives of Budgetary Control.	K2

### Part B - Answer ALL Questions.

**5 x 13 = 65 Marks**

No	Question	Marks	KL																																																																		
11.	a	13	K4																																																																		
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 15%;">Debit</th> <th style="width: 15%;">Credit</th> <th style="width: 25%;">Particulars</th> <th style="width: 15%;">Debit</th> <th style="width: 20%;">Credit</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td></td> <td>21,42,000</td> <td>Insurance Premium</td> <td>39,000</td> <td></td> </tr> <tr> <td>Purchases &amp; Sales</td> <td>13,50,000</td> <td>23,10,000</td> <td>Rent</td> <td>60,000</td> <td></td> </tr> <tr> <td>Purchase return &amp; sales return</td> <td>22,000</td> <td>20,000</td> <td>Commission</td> <td>24,000</td> <td></td> </tr> <tr> <td>Miscellaneous Expenses</td> <td>44,000</td> <td></td> <td>Debtors &amp; Creditors</td> <td>150,000</td> <td>113,000</td> </tr> <tr> <td>Plant &amp; Machinery</td> <td>14,50,000</td> <td></td> <td>Cash in hand</td> <td>99,000</td> <td></td> </tr> <tr> <td>Investments</td> <td>11,00,000</td> <td></td> <td>Discount</td> <td>23,000</td> <td></td> </tr> <tr> <td>Stock as on 1 April 2009</td> <td>1,00,000</td> <td></td> <td>Salary</td> <td>170,000</td> <td></td> </tr> <tr> <td>Wages</td> <td>1,34,000</td> <td></td> <td>Cartage</td> <td>10,000</td> <td></td> </tr> <tr> <td>Bank Overdraft</td> <td></td> <td>100,000</td> <td>Interest</td> <td></td> <td>90,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>47,75,000</td> <td>47,75,000</td> </tr> </tbody> </table>	Particulars	Debit	Credit	Particulars	Debit	Credit	Capital		21,42,000	Insurance Premium	39,000		Purchases & Sales	13,50,000	23,10,000	Rent	60,000		Purchase return & sales return	22,000	20,000	Commission	24,000		Miscellaneous Expenses	44,000		Debtors & Creditors	150,000	113,000	Plant & Machinery	14,50,000		Cash in hand	99,000		Investments	11,00,000		Discount	23,000		Stock as on 1 April 2009	1,00,000		Salary	170,000		Wages	1,34,000		Cartage	10,000		Bank Overdraft		100,000	Interest		90,000					47,75,000	47,75,000		
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ADJUSTMENTS:

Stock on Hands as on 31<sup>st</sup> March 2010 is Rs.1,45,000

- 1.Bad Debts Rs.11,000
- 2.Provide @10% on sundry debtors for Bad and doubtful debts.
- 3.Depreciate plant & Machinery @ 5% per annum.
- 4.Rent Paid in advance is Rs.12,000
- 5.Salary accrued is Rs.13,000
- 6.Prepare Trading, Profit & Loss a/c.

OR

- |     |   |  |    |    |
|-----|---|--|----|----|
| b   | Explain the parties involved in Accounting.   | 13   | K4 |    |
| 12. | a   | Examine the functions & Scope of Management Accounting.  | 13 | K3 |
| OR  |   |  |    |    |
| b   | “A modern banker has more onerous responsibility to perform as compared to traditional banker”. To what extent management accounting can help him in efficiently discharging this role? |  | 13 | K2 |
| 13. | a   | <ol style="list-style-type: none"><li>1. Stock turnover ratio = 5 times</li><li>2. Gross profit = 10% on sales</li><li>3. Sales for 2011 = Rs.5,40,000</li><li>4. Closing stock is Rs.15,000 more than the opening stock</li><li>5. Opening creditors = Rs.30,000</li><li>6. Closing creditors = Rs. 30,000</li><li>7. Trade debtors at the end = Rs.80,000</li><li>8. Net working capital = Rs.50,000</li></ol> | 13 | K4 |

Find out :

1. Average stock
2. Purchases
3. Creditors turnover ratio
4. Average payment period
5. Average collection period
6. Working capital turnover ratio

OR

- |   |   |    |    |
|---|---|----|----|
| b | Calculate (i) Stock Turnover Ratio (ii) Debtors Turnover Ratio<br>(iii) Average Collection Period (iv) Creditors Turnover ratio<br>(v) Average Payment Period from the following information. | 13 | K4 |
|---|---|----|----|

Particulars	As on 31/03/2015 (Rs)	As on 31/03/2016 (Rs)
Stock	2,00,000	2,40,000
Debtors	1,00,000	1,20,000
Creditors	90,000	60,000

Sales and Purchases for the year-Rs.11,00,000.

14. a Prepare a Cost Sheet & Find out the cost of Production & Costing Profit. 13 K4

Direct material	Rs.90,000
Direct Wages	Rs.65,000
Direct Expenses	Rs.35,000
Factory Overheads	Rs.25,000
Administration Overheads	Rs.55,000
Selling and Distribution Overheads	Rs.20,000

The Profit for the Company is estimated as 20% on cost of sales.

OR

- b Explain the elements of cost. 13 K1
15. a The expenses for the production of 5000 units in a factory are given as follows 13 K4

Materials	50	Administrative expenses ( 5% variable)	10
Labour	20	Selling expenses (20% fixed)	6
Variable overheads	15	Distribution expenses (10% fixed)	5
Fixed overheads (Rs.50,000)	10	Total cost of sales per unit	Rs.116

You are required to prepare budget for the production of 7000 units

OR

- b Calculate 1. P/V Ratio 2. BEP 3. Number of units that must be sold to earn a profit of Rs.60,000 per year. 13 K4

Particulars	Rs
Sales Price	20 Per Unit
Variable Cost	14 Per Unit
Fixed Cost	79,200

**Part-C****1 x 15 = 15 Marks**

- 16 a Following balances are extracted from the books of M/S Durga and Co on 31 Dec 2012.

Particulars	Rs	Particulars	Rs
Stock on 1 <sup>st</sup> Jan	1000	Discount (Cr)	400
B/R	4500	Return outwards	500
Purchases	39000	Trade expenses	200
Wages	2800	Office expenses	1000
Insurance	1100	Cash in Hand	500
Sundry Debtors	30000	Cash at bank	4750
Carriage Inward	800	Rent and Taxes	1100
Commission (Dr)	800	Carriage Outward	1450
Interest on Capital	700	Sales	50000
Stationery	450	Bills Payable	3000
Return Inwards	1300	Creditors	19650
Capital	17900		

- i. Prepare Trading and Profit and Loss account. 8 K4
- ii. Prepare Balance sheet for the above ledger balances. 7 K4

OR

- b ABC Ltd provides the following information.

2016	Sales(Rs)	Purchases (Rs)	Wages(Rs)
February	180000	124800	12000
March	192000	144000	14000
April	108000	243000	11000
May	174000	246000	10000
June	126000	268000	15000

50% of sales are realized in the same month and the balance will be realized in the following month. Creditors and wages are paid in the following month. The cash balance as on 01.04.2016 was Rs.25000.

- i. Design the cash budget for the month of April-June 2016. 12 K6
- ii. Assess the utilization of cash budget for April-June 2016. 3 K5

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