Register Number.......................

M.B.A. DEGREE EXAMINATIONS: NOVEMBER 2009

Second Trimester

P07BA214: ACCOUNTING FOR MANAGERS II

Time: Three Hours **Maximum Marks: 100**

Answer ALL the Questions:-

PART A (1 x 20 = 20 Marks)

1. Following are the summarized Balance sheets of X Ltd as on 31 .12.1995 and 31 .12.96.

LIABILITIES	**31.12.1995.**	**31.12.1996.**
SHARE CAPITAL	2,00,000	2,50,000
GENERAL RESERVE	50,000	60,000
PROFIT AND LOSS	30,500	30,600
BANK LOAN	70,000	--------
SUNDRY CREDITORS	1,50,000	1,35,200
PROVISION FOR TAX	30,000	35,000
Total	530500	510800
ASSETS;		
Investments	80,000	64,200
LAND AND BLDS.	2,00,000	1,90,000
MACHINERY	1,50,000	1,69,000
STOCK	1,00,000	74,000
CASH	500	600
BANK	---------	8,000
GOODWILL	---------	5,000
Total	530500	510800

ADDITIONAL INFORMATION:

A. Dividend of Rs.23,000 was paid.

B. Assets of another company were purchased for a consideration of Rs.50,000, payable in shares. The following assets were purchased: stock Rs.20, 000 and Machinery Rs.25,000

C. Machinery was further purchased for Rs.8,000

D. Depreciation written off machinery Rs.12,000

E. Income Tax provided during the year Rs.33,000

F. Loss on sale of machine Rs.200 was written off to general reserve.

Prepare a Fund Flow statement. Give your suggestion about the company's financial p

through Fund flow statement.

PART B (10 x 2 = 20 Marks)

2. What is meant by financial analysis?
3. What is window dressing?
4. What do you meant by Zero base budget?
5. Explain Marginal unit.
6. Calculate PVR : Sales 5.00.000 Variable cost 3,00,000 Fixed cost 1,00,000.
7. Find out Liquid Assets. Current Assets 3.00.000 Bank Overdraft 25,000 Current Ratio 2 and Liquid Ratio 1.5.
8. Prepare production Budget from the following: Desired sales 5,00,000 Desired openi Stock 2.00.000 and Desired closing stock 1.50.000.
9. Write two merits of Budgetary Control.
10. Write two differences between Marginal costing and absorption costing.
11. What are different kinds of budgets?

PART C (4 x 15 = 60 Marks)

12. (A)

Sales	45,000	(1995)	50,000	(1996)
Cost	40,000	(1995)	43,000	(1996)

Assuming that there is no change in prices and variable cost and that the expenses are incurred equally in the 2 periods, calculate

(i) Profit volume ratio,

(ii) Fixed expenses

(iii) Break-even point sales and Margin of safety and margin of safety ratio

(OR)

(B). The management of B company Ltd are considering the sales budget for the next budget period. You are required to present to the management a statement showing

1. The marginal cost of each product and
2. To recommend which of the following sales mixes should by adopted : a. 1800 units of X b. 1200 units of Y c. 1200 units of X and 400 units of Y d. 900 units of X and 600 units of Y.

The chief accountant has ascertained the following information.

Particulars	product X	product Y
Direct Material	Rs 10	12.50
Selling price	Rs.30	50.00
Direct Labour at 25 paise per hour	20 hours	30 hours

Variable overhead 100 % of labour and fixed overhead Rs.10, 000.

13. (A).Prepare a Cash Budget for the 6 months from the following information:

Months	Sales	Materials	wages	production exp.	Selling exp.
January	20000	20000	4000	3200	800
February	22000	14000	4400	3300	900
March	24000	14000	4600	3300	800
April	26000	12000	4600	3400	900
May	28000	12000	4800	3500	900
June	30000	16000	4800	3600	1000

Cash balance on 1st January as Rs.10000. A new machine is to be installed at Rs.30000 on credit, to be repaid by two equal instalments in March and april. Sales commission at 5% on total sales is to be paid within the month following actual sales. Rs.10000 being the amont of 2nd call may be received in March. Share premium amounting to Rs.2000 is also obtained with 2nd call.

Period of credit allowed by suppliers – 2 months period of credit allowed to customers - 1 month. Delay in payment of expenses - 1 month, Delay in payment of wages - ½ month Assume cash sales to be 50 % of the total sales.

(OR)

(B) Prepare a Flexible budget for overheads on the basis of the following data. Asc overhead rates at 50%, 60% and 70% capacity levels.

Particulars	At 60% Capacity.
Variable Overheads:	
a. Indirect Material	6000
Indirect labour	18000
b. Semi-Variable Overheads:	
Electricity (40% fixed 60% variable)	30000
Repairs (80% fixed 20 % variable)	3000
c. Fixed Overheads:	
Depreciation	16500
Insurance	4500
Salaries	15000
Estimated Direct Labour Hours	186000

14. (A) From the following particulars make out a cash flow statement.

LIABILITIES	1998	1999	ASSETS	1998	1999
Share capital	200000	250000	Goodwill	50000	450
9% Pref.shares	60000	40000	Land and BLDs	80000	550
Capital reserve	-------	10000	Plant and Machines	90000	1600
General reserve	15000	20000	Furniture	12000	100
Profit and Loss	25000	40000	Investments	10000	4500
Creditors	28000	52000	Debtors	32000	2500
Bills payable	8000	10000	Bills receivable	10000	3500
Outstanding	4000	3000	Stock	64000	4500
Proposed dividend	18000	25000	Cash	10000	2500
Provision for tax	20000	24000	Bank	15000	2600
			Preliminary exp.	5000	300
Total	3,780,00	4,74,000		3,780,00	4,74

Additional information:

1. An interim dividend of Rs.10000 has been paid in 1999.
2. Rs. 2000 has been received as dividend on investments.
3. A piece of land has been sold in 1999, profit on sale being transferred to capital reserve.
4. Depreciation on plant and machinery has been written off Rs.15000 in 1999, and no depreciation has been charged on Land and Buildings.
5. Machinery was sold for Rs. 18000 (Book value 20000) and no furniture has been sold during the year 1999.

(OR)

(B) Explain the meaning of a cash flow statement? Discuss its utility. How Fund flow analysis differs from cash flow analysis? What are the difference between profit and cash flow?

15 (A) Debtors Velocity 3 months Creditors velocity 2 months stock velocity 8 times Capital turnover ratio 2.5 times Fixed Assets turnover 8 times Gross profit turnover ratio 25 %. Gross profit in a year amounted to Rs.800000. There is no long term loan or overdraft. Reserves and surplus amounted to Rs.280000. Liquid Assets are Rs.973333. Closing stock of the year is Rs. 20000 more than the opening stock. Bills receivable and Bills payable amounted Rs. 50000 and 20000 respectively.

Prepare a Balance sheet as many details as possible.

(OR)

(B) Calculate:

A. Debtors turn over ratio and average collection period.

B. Creditors turnover ratio and average payment period

C .Working capital Turnover ratio Capital turnover ratio and fixed assets turnover ratio.

D. Current ratio and Liquid ratio. From the following:

Current assets	200000
Current Liabilities	40000
Fixed assets	250000
Sales	500000 (credit sales 450000)
Cost of sales	400000
Capital employed	400000

Returns inward	20000
Provision for Bad debts	5000
Purchase returns	50000
Purchases	300000 (Cash Purchases 50000)

Opening Debtors and creditors 55000 and 45000 respectively.

Closing debtors and creditors 65000 and 55000 respectively.

Bills receivable and Bills payable at the end Rs.25000 and 15000 respectively.

Bills receivable and Bills payable at the beginning Rs.17500 and 15000 respecti

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