

**MBA DEGREE EXAMINATIONS: JAN 2015**

(Regulation 2012)

First Semester

**MASTER OF BUSINESS ADMINISTRATION**

MBA619: Financial, Cost And Management Accounting

**Time: Three Hours**

**Maximum Marks: 100**

**Case Study:-**

**PART A (1 x 20 = 20 Marks)**

1. From the following details, make out a statement of proprietors funds with as many details as possible.
- |   |              |
|---|--------------|
| 1. Current ratio  | 2.5          |
| 2. Liquid ratio   | 1.5          |
| 3. Proprietor ratio<br>(Fixed assets/Proprietary funds) | 0.75         |
| 4. Working Capital                                      | Rs. 60,000/- |
| 5. Reserves and surplus                                 | Rs. 40,000/- |
| 6. Bank overdraft                                       | Rs.10,000/-  |
| 7. There is no long term loan (or) intangible assets    |              |

**Answer all the Questions:-**

**PART B (10 x 2 = 20 Marks)**

2. What are the main objectives of accounting?
3. Differentiate Trial balance and balance sheet.
4. What is process costing?
5. State the limitations of standard costing.
6. What is horizontal analysis?
7. How can ratios be interpreted?
8. State the features of zero base budgeting.
9. What are the rules for preparing the statement of changes in working capital?
10. Define marginal cost.
11. What are the assumptions of break-even analysis?

**PART C (4 x 15 = 60 Marks)**

12. a) (i) Who are the users of accounting information? (5)

(ii) Describe the various accounting concepts.

(10)

**(OR)**

- b) The following is the trial balance of Kamal Enterprises for the year ended 31<sup>st</sup> December 1996. You are required to prepare a Profit and Loss account and Balance sheet after taking into account the adjustments given below.

Debit Balances	Rs.	Credit Balances	Rs.
Cash in Hand	500	Sales	1,50,300
Cash at Bank	1,200	Purchase returns	5,000
Office furniture	6,000	Accounts Payable	12,000
Accounts Receivables	15,000	Bills Payable	8,000
Commission	1,200	Discount received	1,000
Bills Receivables	3,500	Dividend received	2,000
Power and fuel	6,000	Rent received	3,500
Plant and Machinery	24,000	Capital	27,000
Office expenses	2,000		
Carriage inwards	1,200		
Carriage outwards	3,500		
Rent, rates and taxes	1,700		
Leasehold Premises	25,000		
Wages	30,000		
Salaries	7,000		
Opening Inventory	12,000		
Sales Returns	2,000		
Purchases	60,000		
Drawings	7,000		
	<u>2,08,800</u>		<u>2,08,800</u>

Adjustments:

1. Closing Inventory as 31.12.1996 Rs.18,000
2. Depreciate Plant and Machinery at 10%
3. Salaries outstanding Rs.1,000; Power and fuel outstanding, Rs.2,000
4. Provide for bad and doubtful debts for Rs.1,500
5. Discount earned but not received Rs.100
6. Commission due but not recorded Rs.200
7. Rent received includes Rs.500 received in advance.

13. a) Explain the elements of cost with suitable examples.

(OR)

b) The following standard and actual data relate to a manufacturing concern:

	Standard	Rs.
Material X	40 Kgs at Rs. 6	= 240
Material Y	60 Kgs at Rs. 4	= 240
Material 2	80 Kgs at Rs.5	= 400
	Actual	
Material X	60 Kgs at Rs. 8	= 480
Material Y	50 Kgs at Rs. 5	= 250
Material 2	100 Kgs at Rs. 4.50	= 450

Calculate material cost, Price, usage and mix variances.

14. a) From the following information relating to Standard Engineering Co. Prepare a cash budget for the half year ending 30<sup>th</sup> September, 1998

**(a) Anticipated Sales and Costs**

Month	Sales Rs.	Material Rs.	Wages Rs.	Overheads Rs.
March	1,50,000	90,000	18,000	31,000
April	1,40,000	1,20,000	28,000	35,400
May	1,54,000	84,000	20,800	36,500
June	1,68,000	1,36,000	22,200	36,500
July	1,82,000	1,28,000	30,000	37,000
August	2,04,000	1,51,000	28,000	37,500
September	2,40,000	1,62,000	25,000	38,000

**(b) Other information**

- (i) Bank balance on 1-4-98 was Rs. 72,000
- (ii) The loan instalment of Rs. 25,000 per month was to be remitted from July up to December 1998.
- (iii) Sales commission @ 5% on sales was to be remitted in the month following the sales.
- (iv) Rs.50,000 was expected to be received as deposit from the distributors in the month of July.
- (v) 50% of the sales are on credit; the period of credit being 1 month.
- (vi) 50% of the material purchased can be paid for after a month.
- (vii) 25% of the overheads could be settled in the month following their incidence.

(viii) Wages are disbursed on the first working day of the following month.

(OR)

b) (i) From the following comparative Balance sheet of Shri Ram Ltd as on June 30, 1996 and June 30, 1997, you are required to prepare

1. A statement of changes in working capital
2. Funds flow statement

Liabilities	1996 Rs.	1997 Rs.	Assets	1996 Rs.	1997 Rs.
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve fund	28,000	36,000	Buildings	80,000	72,000
P&L A/c	39,000	24,000	Machinery	74,000	72,000
Trade creditors	16,000	10,800	Investment	20,000	22,000
Bank Overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	<u>3,11,200</u>	<u>3,11,600</u>		<u>3,11,200</u>	<u>3,11,600</u>

**Additional information**

- (a) Depreciation charged on machinery was Rs.8,000, and on building, Rs.8,000
- (b) Interim dividend paid on January 1997 was Rs.15,000.
- (c) Provision of Rs.10, 000 was made for taxation during the year ending 30<sup>th</sup> June 1997.

(ii) What are the managerial uses of cash flow analysis? (5)

15. a) From the following data, illustrate the effect of changes in various factors given below:

Selling price per unit Rs.10

Variable cost per unit Rs.6

Fixed cost Rs. 60,000

Current sales 20,000 units

Find out the following:

Effect of 20% increase in selling price

Effect of 10% decrease in sales volume.

Effect of 20% decrease in variable cost, and

Effect of 10% increase in fixed costs.

(OR)

b) Describe the various practical applications of marginal costing with examples.

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