

2Q

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**  
FIRST TRIMESTER MBA DEGREE EXAMINATION OCTOBER 2016

**MBA 15 ACCOUNTING FOR MANAGERS**

Max. Marks: 60

Duration: 3 Hours

**Part A**

**Answer all questions. Each question carries 2 marks**

1. Explain any two Liquidity Ratios
2. What do you mean by WDV method of depreciation?
3. Define "Funds from operations"
4. Distinguish between 'Capital expenditure' and 'Revenue expenditure'
5. Define 'International Financial Reporting Standards (IFRS)'

(5x2 marks = 10 marks)

**Part B**

**Answer any 3 questions. Each question carries 10 marks**

6. Discuss financial accounting and cost accounting. Explain the differences between financial accounting and cost accounting.
7. The following data relating to a manufacturing company is available:  
Fixed cost: ₹20000  
Profit: ₹20000  
Sales: ₹100000  
Variable cost to sales: 60%  
Find out
  - a. Breakeven sales
  - b. What would be the sales volume to earn a profit of ₹60000
  - c. Margin of safety when sales are ₹250000
8. From the following Balance Sheet of XYZ Ltd as on March 31, 2016, you are required to prepare a Schedule of changes in Working Capital.

Balance Sheet of XYZ Ltd, as on 31<sup>st</sup> March 2016

	31.03.15	31.03.16		31.03.15	31.03.16
Share capital	2,00,000	2,10,000	Land & Building	1,40,000	1,35,000
General Reserve	14,000	15,000	Plant	31,000	46,000
Profit & Loss Account	10,000	13,000	Investment in subsidiary	10,000	11,000
Sundry Creditors	7,800	5,400	Inventories	30,000	23,400
Bills Payable	1,400	800	Debtors	18,200	19,000
Outstanding Expenses	16,400	18,600	Cash	6,400	15,200
			Bills receivable	2,000	3,200
			Goodwill	12,000	10,000
	<b>2,49,600</b>	<b>2,62,800</b>		<b>2,49,600</b>	<b>2,62,800</b>

- i. Tax paid: ₹25000
  - ii. Board of Directors proposed dividend@12%
9. Explain cash inflows and outflows. Distinguish Cash Flow Analysis and Funds Flow Analysis
  10. The authorized capital of M/s. Amitab Marketing Limited is ₹1,00,00,000 (10,00,000 shares at

₹10 each) and the following is the trial balance of the company as on 31.03.2015, you are required to prepare Profit & Loss appropriation A/c and Balance Sheet as on 31.03.2015.

Paid up share capital (Issued capital of 400000 shares of ₹10 each)		40,00,000
General Reserve		3,00,000
Bank overdraft		4,41,000
Profit and Loss Account		24,73,850
Goodwill	3,65,400	
Debentures		10,00,000
Bills receivable	9,48,000	
Interim dividend paid	1,72,500	
Debenture redemption reserve		5,00,000
Securities Premium Account		50,000
Furniture	1,62,000	
Creditors		22,06,800
Cash in hand	2,05,000	
Cash at bank	2,58,000	
Bills payable		34,250
Investments	10,00,000	
Debtors	24,55,000	
Stock	18,60,000	
Building	14,60,000	
Plant and machinery	21,20,000	
	<b>110,05,900</b>	<b>110,05,900</b>

The following information is available:

- i. ₹4,50,000 is to be transferred to general reserve
- ii. ₹60,000 is to be transferred to debenture redemption reserve
- iii. Directors approved for a dividend at 10%

(3x10 marks = 30 marks)

### Part C

#### Compulsory question, the question carries 20 marks

11. Financial statements of M/s. Maran Consultancy Limited contain the following information:

Liabilities	2014	2015	Assets	2014	2015
Equity share	20,00,000	20,00,000	Fixed assets (net)	21,20,000	21,60,000
Retained earnings	4,68,000	8,12,000	Investment	2,00,000	3,20,000
Debentures	16,00,000	16,00,000	Cash in hand	2,00,000	1,60,000
Sundry creditors	3,40,000	4,50,000	Prepaid expenses	28,000	12,000
Bills payable	3,00,000	3,50,000	Debtors	3,20,000	4,00,000
			Stock	18,40,000	21,60,000
	<b>47,08,000</b>	<b>52,12,000</b>		<b>47,08,000</b>	<b>52,12,000</b>

Statement of profit for the year 2014 and 2015

(Amount in Rupees)

	2014	2015
Sales	35,00,000	40,00,000
Less cost of goods sold	25,00,000	28,00,000
Less interest	1,20,000	1,60,000
PBT	8,80,000	10,40,000
Less taxes @ 50%	4,40,000	5,20,000
PAT	4,40,000	5,20,000

Compute the following ratios for the year 2015 and comment on the results:

- i. Current Ratio
- ii. Acid Test Ratio
- iii. Debt Equity Ratio
- iv. Interest Coverage Ratio
- v. Gross Profit Ratio
- vi. Net Profit Ratio
- vii. Return on Total Assets
- viii. Return on Equity Funds
- ix. Debtors Turnover Ratio
- x. Stock Turnover Ratio

(20 marks)