

Register No : Name :



SAINTGITS COLLEGE OF ENGINEERING KOTTAYAM, KERALA

(AN AUTONOMOUS COLLEGE AFFILIATED TO
APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

FIRST SEMESTER MBA DEGREE EXAMINATION (S), JULY 2021

Course Code: 20MBA111**Course Name:** ACCOUNTING FOR MANAGERS**Max. Marks:** 60**Duration :** 3 Hours

PART A

(Answer all questions. Each question carries 2 marks)

1. Explain the significance of financial statement analysis to investors
2. Which conventions follows the policy of “playing safe” and why?
3. What are fictitious assets?
4. List any two profitability ratios with formula?
5. What is a cost center?

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. “Accounting ratios are mere guides and complete reliance on them in decision making is suicidal” Explain
7. The sales turnover and profit during two years were as follows:

Year	Sales	Profit
2018	240000	25000
2019	280000	40000

Calculate:

- a. P/V Ratio
- b. Breakeven point
- c. Fixed expenses
- d. Sales required to earn a profit of Rs. 60,000
- e. Profit when sales are Rs.200000

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8. Prepare final accounts for the year ended 31st March 2018 from the following

Particulars	Debit	Particulars	Credit
Drawings	6300	Capital	150000
Cash at bank	13870	Discount received	2980
Bills receivable	1860	Loans	15000
Land and Building	42580	Purchases return	1450
Furniture	5130	Sales	281500
Discount allowed	3960	Reserve for bad debts	4650
Bank charges	100	Creditors	18670
Salaries	6420		
Purchases	199080		
Stock (opening)	60220		
Sales return	1870		
Carriage	5170		
Rent and Taxes	7680		
General expenses	3630		
Plant and Machinery	31640		
Book debts	82740		
Bad debts	1250		
Insurance	750		
	474250		474250

Adjustments

1. Closing stock Rs. 70,000
 2. Create a reserve for bad and doubtful debts @ 10% on book debts
 3. Insurance prepaid Rs. 50
 4. Rent outstanding Rs. 150
 5. Interest on loan is due @ 6% p.a.
9. What are the basic concepts underlying the theory and practice of financial accounting? Explain the same with examples

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10. a) Explain the policies relating to depreciation? (3 Marks)
- b) The following is the final accounts of JKL Ltd (7 Marks)

Balance sheet as on 31st March 2017 and 2018

	2018	2017
Sources of fund:		
Shareholder's fund	2,377	1,472
Loan funds	3,570	3,083
	5,947	4,555
Application of funds:		
Fixed assets	3,466	2,900
Cash & bank	489	470
Debtors	1,495	1,168
Stock	2,867	2,407
Other current assets	1,567	1,404
Less: Current liabilities	3,937	3,794

Income statement of JKL ltd for the year that ended is as follows:

	2018	2017
Sales	22,165	13,882
Less: COGS	20,860	12,544
Gross Profit	1,305	1,335
Less: Selling , general and administrative expenses	1,135	752
EBIT	170	586
Less: Interest expense	113	105
PBT	57	481
Less: Tax	23	192
PAT	34	289

You are required to:

- i. Calculate for the year 2017-18
 - a) Inventory turnover ratio
 - b) Return on Investment
 - c) Return on Equity
 - d) Average Collection Period
- ii. Comment on the financial position of JKL ltd

PART C

(Compulsory question, the question carries 20 marks)

11. Prepare a cash flow statement from the following balance sheet

Balance Sheet as on 31st March 2018 & 2019

Liabilities	2018 (Amount in Rs)	2019 (Amount in Rs)	Asset	2018 (Amount in Rs)	2019 (Amount in Rs)
Share capital	400000	400000	Buildings	400000	400000
General reserves	80000	140000	Plant	350000	300000
Profit and loss	60000	75000	Stock	400000	250000
Bank loan (long term)	300000	100000	Debtors	50000	40000
Trade creditors	300000	140000	Cash at bank	60000	35000
Provision for taxation	80000	120000			
Proposed dividend	40000	50000			
	1260000	1025000		1260000	1025000

Additional information

- The company sold plant worth Rs 50000 for Rs 40000 and the depreciation on that was Rs 3500, loss on sale was debited to profit and loss account
- The company paid the tax of Rs 60000 during the year
- Annual dividend paid during the year was Rs 30000
