Reg.No. \_\_\_\_\_\_\_\_\_\_\_\_

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**End Semester Examination – Nov/Dec – 2018**

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| **Code : 18MS3003** |  | **Duration :** | **3hrs** |
| **Sub. Name : ACCOUNTING FOR MANAGERS** |  | **Max. marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | Majou , manager of Maria Antiques Ltd., does not like to change accounting procedures because it hinders his ability to make year-to-year comparisons. Identify the qualitative characteristic it refers to:  i. Conservatism ii.Consistency iii.Materiality iv. Comparability | CO1 | 2 |
| b. | The reduction in the value of the fixed assets which can arise due to time factor is:  i. Reduction ii. Depreciation iii.Discount iv.All the above | CO1 | 2 |
| c. | If Assets = Rs. 99,500 and Owner's equity = Rs. 50,500 then Liabilities = ? | CO2 | 4 |
| d. | During 2015 Blue Corporation produced net income of Rs.1550000. The average number of shares of common stock outstanding for the year was 498000. Blue’s EPS (Earnings Per share ) for the year will be ? | CO2 | 4 |
| e. | Explain any Four accounting Concepts. | CO1 | 8 |
| (OR) | | | | |
| 2. | a. | Net Income is created in a time period when;  i) assets >liabilities ii) revenues > expenses  iii) revenues < expenses iv) liabilities > assets | CO2 | 2 |
| b. | Which of the following is not one of the sections on the statement of cash flows?  i) Investing activities ii) Operating activities  iii) Income Activities iv) Financing activities | CO1 | 2 |
| c. | A firm has produced the following budget for an activity level of 200,000 units:  Materials Rs15000; Direct labour Rs.40000; Fixed cost Rs77000  What would be the total cost for a level of activity of 225,000 units?  i) Rs 133,875 ii) Rs.148,500 iii) Rs.125,889 iv) Rs.138,875 | CO2 | 4 |
| d. | If Sales are Rs.23,750, beginning assets are Rs.21,000 and ending assets are Rs.24,000, Calculate the Asset Turnover Ratio. | CO2 | 4 |
| e. | Explain the distinguishing features of Financial and Management Accounting | CO1 | 8 |
|  |  |  |  |  |
| 3. | a. | Give an overview of the International Financial Reporting Standards | CO1 | 10 |
| b. | Financial Statements of two competing companies report the following data (amounts in Millions)   |  |  |  | | --- | --- | --- | |  | **Company A(Rs.)** | **Company B(Rs.)** | | Sales | 2,25000 | 1,35,000 | | Accounts Receivable, January 1 | 1,50,000 | 97,500 | | Accounts Receivable, December 31 | 75,000 | 30,000 |   **Required:**  Compute the accounts receivable turnover for each company. | CO2 | 10 |
| (OR) | | | | |
| 4. |  | From the following information prepare cash flow statement for the year 31st March 2017 by Direct Method:   1. Cash Sales Rs.65,86,000 2. Cash Collected from debtors during the year amounted Rs.33,23,400 3. Cash paid to suppliers was Rs.79,36,810 4. Rs. 9,87,500 was paid to and for employees 5. Furniture of the book value of Rs. 18500 was sold for Rs.11000 and a new furniture costing Rs.83160 was purchased 6. Debentures of the face value of Rs.3,00,000 were redeemed at a premium of 2% es. Interest on debentures Rs.84000 was also paid. 7. Dividend Rs.4,50,000 for the year ended 31st March, 2017 was distributed in May 2017 8. Cash in hand and at bank as on March 31st, 2016 and March 31, 2017 was Rs.51,070 and Rs.5,74,000 respectively | CO2 | 20 |
|  |  |  |  |  |
| 5. |  | The following costs and sales of a manufacturing company for the first half and second half of 2015-16 are given:   |  |  |  | | --- | --- | --- | |  | **First Half**  **Rs** | **Second Half**  **Rs** | | Sales | 24,00,00 | 30,00,000 | | Total Costs | 21,80,000 | 26,00,000 |   **Required :**   1. Contribution margin ratio of the firm 2. Annual Fixed costs 3. Break-even Point 4. Margin of Safety as percentage of sales | CO3 | 20 |
| (OR) | | | | |
| 6. |  | For the production of 10000 units of a product, with selling price per unit Rs.120, the following are the budgeted expenses:  Rs. Per unit   |  |  | | --- | --- | | Direct material | 30 | | Direct Labour | 15 | | Variable overhead | 12.5 | | Fixed overhead (Rs.75000) | 7.5 | | Variable expenses (direct) | 2.5 | | Selling expenses (10% fixed) | 7.5 | | Administration expenses (Rs.25000 rigid for all production levels) | 2.5 | | Distribution expenses (20% fixed) | 2.5 | | Total cost of sale per unit | 80 |   Prepare a budget for production of 12000 & 16000 units showing distinctly marginal cost, total cost and Profit | CO3 | 20 |
|  |  |  |  |  |
| 7. |  | The income statements of Moonlit Corp. for the past two years are as follows:   |  |  |  | | --- | --- | --- | | **Income Statement** | **2016** | **2017** | | Net Sales | 1,000,000 | 1,110,000 | | Cost of Goods Sold | 500,000 | 650,000 | | Gross Profit Margin | 500,000 | 460,000 | | Selling & Administrative Expenses | 250,000 | 265,000 | | Depreciation | 80,000 | 110,000 | | Operating Profit (EBIT) | 170,000 | 85,000 | | Interest | 30,000 | 40,000 | | Earnings Before Taxes | 140,000 | 45,000 | | Taxes (.40) | 56,000 | 18,000 | | Net Income | 84,000 | 27,000 |  1. Prepare Comparative and Common size statement for Moonlit Corp. 2. Comment on its results with valid reasons | CO3 | 20 |
| (OR) | | | | |
| 8. |  | From the following Balance sheet of Jaswin Ltd., as on 31st March 2016:   |  |  |  |  | | --- | --- | --- | --- | | Liabilities: |  |  |  | | Share Capital | 2,00,000 |  |  | | Profit & Loss a/c | 30,000 |  |  | | General reserve | 40,000 |  |  | | 12% Debentures | 4,20,000 |  |  | | **TotalLiabilities** |  |  | **6,90,000** | | Assets: |  |  |  | | Land & Buildings | 140,000 |  |  | | Plant & Machinery | 3,50,000 |  | 4,90,000 | | Inventory/stock | 2,00,000 |  |  | | Sundry Debtors | 1,00,000 |  |  | | Bills receivables | 10,000 |  |  | | Cash at Bank | 40,000 |  |  | | Total Current Assets | 350,000 |  |  | | Less: Current Liab’s |  |  |  | | Sundry Creditors | 1,00,000 |  |  | | Bills payable | 50,000 | 150000 |  | | Net CA |  |  | 200000 | | **Total assets** |  |  | **6,90,000** |   Assuming Tax @ 50%, the net operating profit before tax is Rs.280,000  Calculate the following ratios:   1. Current ratio. 2. Quick Ratio. 3. Debt to Equity ratio. 4. Inventory to Working capital ratio. 5. Return on total resources. 6. Return on shareholder’s funds. | CO2 | 20 |
|  | | **Compulsory**: |  |  |
| 9. |  | The following items were taken from the financial statements of Wilson Inc for 2017: (in Lakhs)   |  |  | | --- | --- | | Accounts Payable | Rs. 15,780 | | Accounts Receivable | 8,470 | | Advertising Expense | 4,200 | | Cash | 16,080 | | Common Stock | 15,400 | | Cost of Sales | 41,250 | | Dividends | 2,310 | | Equipment, net | 45,420 | | Income tax expense | 3,260 | | Long-term liabilities | 9,920 | | Insurance Expense | 4,680 | | Prepaid Insurance | 5,970 | | Retained Earnings, Jan.1 | 28,450 | | Salaries expense | 17,420 | | Salaries payable | 5,210 | | Sales | 78,420 | | Utilities expense | 4,180 |   **Required :**  Prepare Income Statement for the year ending December 31, 2017, and a Balance Sheet at December 31, 2017 with suitable classifications. | CO3 | 20 |