



I Semester M.B.A. Examination, August 2011
ACCOUNTING AND TAXATION FOR MANAGERS

Time : 3 Hours

Max. Marks : 80

Instruction : Answer *all* questions from Part – A, and answer *any five* questions from Part – B.

PART – A

Answer **all** the questions :

(6×5=30)

1. Differentiate cost accounting from management accounting.
2. From the following datas calculate current ratio and liquid ratio :

Particulars	Rs.
Sundry creditors	20,000
Outstanding expenses	7,000
Bills payable	13,000
Income tax payable	20,000
Bank overdraft	40,000
Cash	15,000
Short term investments	25,000
Bills receivable	11,000
Book debts less reserve	45,000
Inventories	49,000
Prepaid expenses	10,000
Loose tools	10,000

3. Define Ratios. What are its objectives ?
4. It is estimated that a product required 100 kgs of material at the rate of Rs. 5 per kg. The actual consumption of material for manufacturing the same product came to 120 kgs at the rate Rs. 4.75 per kg. Calculate material cost variances.

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5. A company estimates that next year it will earn a profit of Rs. 1,00,000. The budgeted fixed cost and sales are Rs. 5,00,000 and Rs. 19,86,000 respectively. Find out the break even point for the company.
6. Define the term “FUNDS”.

PART – B

i) Answer **any 5**.

(5×10=50)

ii) Answer the case **compulsorily** :

7. A company is considering to expand its production. It can either go for an automatic machine costing Rs. 4,00,000 with an estimated life of 5 1/2 years or an ordinary machine costing Rs. 1,00,000 having an estimated life of 8 years. The annual sales and costs are estimated as follows :

Particulars	Automatic Machine Rs.	Ordinary Machine Rs.
Sales	3,00,000	3,00,000
Costs :		
Materials	1,00,000	1,00,000
Labour	24,000	1,20,000
Variable overheads	48,000	40,000

Compute the comparative profitability of the proposals under the ‘pay-back period’ and ‘return on investment’ methods. Explain the difference in the result obtained under the two methods. **(Compulsory)**

8. Explain the users of accounting information.
9. From the following figures prepare funds flow statement :

Particulars	31-12-2001	31-12-2002
Assets :		
Cash	1,30,000	40,000
Debtors	1,00,000	1,60,000
Stock	2,35,000	2,55,000
Land and Buildings	5,40,000	10,20,000
Plant and Machinery	28,04,000	35,44,000
Furniture	2,10,000	2,10,000
	40,19,000	52,29,000



Liabilities :

Creditors	3,19,000	3,65,000
Provision for dividend	—	2,00,000
Long-term loan	—	5,35,000
Net worth		
Equity capital	36,00,000	40,00,000
Surplus	1,00,000	1,29,000
	40,19,000	52,29,000

10. Current sales are 10,000 units p.a.

Selling price is Rs. 3 per unit

Prime costs are Rs. 2 per unit

Variable overheads Re. 1 per unit

Fixed costs are Rs. 15,000.

Calculate (i) P/V ratio (ii) break even point and (iii) margin of safety.

11. Explain the various classification of cost.

12. Explain the valuation methods in Central Excise Act.

13. Explain the export procedure.
