

|   |        |        |
|---|--------|--------|
| 3 | 10,000 | 18,000 |
| 4 | Nil    | 25,000 |
| 5 | 12,000 | 8,000  |
| 6 | 6,000  | 4,000  |

The cost of capital of the company is 10%.

6. Explain the various objectives and functions of financial management.
7. Explain the various factors affecting working capital of an organisation.
8. Discuss the features and recent development of capital market in India.

Reg. No. : .....

**D 503**

**Q.P. Code : [07 DMB 03]**

(For the candidates admitted from 2007 onwards)

**M.B.A./EXECUTIVE M.B.A DEGREE EXAMINATION,  
DECEMBER 2017.**

First Semester / First Year

**ACCOUNTING AND FINANCE FOR MANAGERS**

Time : Three hours

Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. From the following information you are required to prepare Trading, Profit and Loss Account and Balance sheet.

| Particulars    | Debit<br>Rs.  | Particulars | Credit<br>Rs. |
|----------------|---------------|-------------|---------------|
| Salaries       | 5,500         | Creditors   | 9,500         |
| Rent           | 1,300         | Sales       | 32,000        |
| Cash in hand   | 1,000         | Capital     | 30,000        |
| Debtors        | 40,000        | Loans       | 10,000        |
| Trade expenses | 600           |             |               |
| Purchases      | 25,000        |             |               |
| Advances       | 2,500         |             |               |
| Bank balance   | 5,600         |             |               |
|                | <u>81,500</u> |             | <u>81,500</u> |

Adjustment Information

- (a) Closing stock Rs. 2,000
- (b) Salary outstanding 5,500
- (c) Rent paid in advance Rs. 1,300.
- (d) Provide 5% Doubtful Debts.

2. From the following information prepare Balance sheet, show workings.

- (a) Working capital Rs. 75,000
- (b) Reserve and surplus Rs. 1,00,000
- (c) Bank overdraft Rs. 60,000
- (d) Current ratio 1.75
- (e) Liquid ratio 1.15
- (f) Fixed asset to proprietor's fund 0.75
- (g) Long term liabilities NIL.

3. The expenses for Budgeted production of 10,000 units in a factory are given below.

| Particulars                    | Per unit<br>(Rs.) |
|--------------------------------|-------------------|
| Material                       | 70                |
| Labour                         | 25                |
| Variable overheads             | 20                |
| Fixed overheads (Rs. 1,00,000) | 10                |
| Variable expenses (Direct)     | 5                 |

|                                       |            |
|---------------------------------------|------------|
| Selling expenses (10% fixed)          | 13         |
| Distribution Expenses (20% fixed)     | 7          |
| Administrative expense (Rs. 5,00,000) | 5          |
| Total cost per unit                   | <u>155</u> |

Prepare a budget for production of 9,000 units, 8000 units and cost per unit at both level.

4. Assuming that the cost structure and selling prices remains same in period I and II find out

- (a) P/V ratio.
- (b) BEP sales.
- (c) Profit when sales are Rs. 1,00,000.
- (d) Sales required to earn a profit of Rs. 20,000.
- (e) Margin of safety in II period.

| Period | Sales<br>(Rs.) | Profit<br>(Rs.) |
|--------|----------------|-----------------|
| I      | 1,20,000       | 9,000           |
| II     | 1,40,000       | 13,000          |

5. A choice is to be made between two proposal which required an equal investment of Rs. 50,000 and are expected to generate net cash flows as under.

| Year | Project I | Project II |
|------|-----------|------------|
| 1    | 25,000    | 10,000     |
| 2    | 15,000    | 12,000     |