



**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY
(AUTONOMOUS) :: PUTTUR**

Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code :ACCOUNTING FOR MANAGERS(19MB9002)

Course & Branch: MBA I Year I-Sem

Regulation: R19

UNIT –I

1. What is accounting? Explain its objectives and principles. 10M
2. What are accounting concepts and conventions? 10M
3. Accountants frequently refer to a procedure as being conservative. Explain, what is meant by “conservative accounting procedures”. State some of the applications of the concept of conservatism. 10M
4. (a) Explain accounting principles and its concepts 5M
(b) Classify the accounts with suitable examples and explain rule of debit and credit.5M
5. Classify the types of accounts and write accounting rules with example transaction for each type of account. 10M
6. What is dual concept of accounting and explain the accounting equation with suitable example transaction? 10M
7. What do you mean by accounting? And illustrate its scope. 10M
8. According to the principles of ‘Double entry system’ Every debit has a corresponding credit. Explain clearly. 10M
9. What are the advantages & disadvantages of Accounting` 10M
10. (a) Internal & External accounting users. 5M
(b) Personal & impersonal account. 5M

UNIT –II

1. How do you classify accounts? What is ledger? What is meant by sub-division of ledger? 10M
2. Prepare journal and post them into ledger:

01.01.2002 James started business with cash	Rs 5000
01.01.2002 Furniture	Rs 2000
01.01.2002 Machinery	Rs 3000
01.01.2002 Purchased goods for cash	Rs 5000
03.01.2002 Goods purchased from Sundaram & Co	Rs 1000
04.01.2002 Sold goods to Rama Rao	Rs 5000
3. ` What is trail balance? State the errors which cannot be disclosed by it. 10M
4. (a) What do you understand by subsidiary books? Name them. 4M
 (b) Draw specimen of journal with two examples. 3M
 (c) What is accounting cycle? Explain with diagram. 3M
5. Explain the differences between capital and revenue expenses. 10M
6. What are subsidiary books of accounts? Discuss in detail the three column cash book. 10M
7. Discuss in detail the concept of depreciation and write a brief note on methods of depreciation. 10M
8. On 1st January, 2001 machinery was purchased by Mr.Prabhakar for Rs 80,000. On 1st July, 2002 he made addition at a cost of Rs 20,000. Again on 1st April, 2003 further additions were made at a cost of Rs 10,000. Prabhakar closes books every year on 31st December. What would be closing balance of machinery account on 31st December, 2003? if he provides depreciation on diminishing balance method at 10% p.a? Show machinery account for three years. 10M
9. Describe the methods of valuing various Tangible and Intangible assets. 10
10. Sekhar and Co. acquired a machine for Rs.50000 on 1 st April 1996 and spent Rs.10000 for erection. The life of the machine was estimated at 10 years. The scrap value of the machine is Rs. 2000. Assuming that the accounting year ends with Dec, 31 every year and show machinery account for 5 years.
 - a. Straight line. 5M
 - b. Written down value. 5M

UNIT-III

1. What do you understand by the working capital concept of the term 'funds'?
How is funds flow statement drawn under this concept? 10M
2. Mention some of the differences between cash flow statements and funds flow statements. 10M
3. Define working capital? What are sources of working capital? 10M
4. (a) Paid cost 5M
(b) Unpaid cost 5M
5. (a) Cash profit 5M
(b) Cash profit 5M
6. Explain the steps in the preparation of funds flow statement. Discuss in brief about uses of funds flow statement. 10M
7. "A cash flow statement is required to explain the changes in cash account balances between balance sheet dates". Explain the statement. 10M
8. From the following sheets for the year 2010 and 2011 find out funds from operations.

Particulars	2010 (Rs)	2011 (Rs)
General reserve	10000	12500
Good will	5000	2500
Provision for depreciation on plant	5000	6000
Preliminary expenses	3000	2000
Profit and loss appropriation account	15000	20000

10M

9. From the following balances you are require to calculate cash from operations:

	31.12.2001	31.12.2002
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advanced	300	250
Profit made during the year		1,30,000

10M

10. (a) Funds from operation 3M
(b) Process of funds flow statement 4M
(c) Process of cash flow statement 3M

UNIT-IV

1. Explain cost – volume profit analysis. 10M
2. Explain the ways by which profit volume ratio can be improved. 10M
3. Explain the uses of break-even analysis in profit planning. 10M
4. Discuss the applications of the marginal costing technique. 10M
5. Explain the advantages and disadvantages of marginal costing. 10M
6. What are the managerial uses of breakeven analysis? 10M
7. From the following information calculate:
 - (a) P/V Ratio. 2M
 - (b) Breakeven point. 3M
 - (c) Margin of safety. 2M
 - (d) If selling price is reduced to Rs.90, how much is the margin of safety is reduced? 3M

Total sales Rs.3, 60,000
Selling price per unit Rs.100
Variable cost per unit Rs.50
Fixed cost Rs.1, 00,000.

8. From the following data calculate P/V Ratio and Breakeven quantity. 10M

Particulars	Period I	Period II
	Rs.	Rs.
Sales	45,000	60,000
Profit	35,000	45,000

9. From the following data calculate P/V Ratio, Breakeven quantity and margin of safety. 10M

Particulars	2008	2009
	Rs.	Rs.
Sales	2, 00,000	2, 50,000
Profit	20,000	30,000

10. State the assumptions of Breakeven analysis. Explain how break even analysis is used by the managers in their day –to- day operations? 10M

UNIT-V

1. Explain the benefits of cost accounting and limitations of it. 10M
2. Describe the relationship between cost accounting and financial accounting. 10M
3. What are the functions and characteristics of a good costing system? 10M
4. How do you organize a costing department of a big manufacturing organization? 10M
5. How do you classify the costs? State various methods. 10M
6. Explain elaborately the parts of total cost and the components to be included therein. 10M
7. Prepare the cost sheet to show the total cost of production for the month of July, 2002. 10M

Stock of raw materials 1-7-2002, Rs.3000

Raw materials purchased Rs.28000

Stock of raw materials 31-7-2002, Rs.4500

Manufacturing wages Rs.7000

Depreciation on plant Rs.1500

Loss on sale on plant Rs.300

Office rent Rs.3000

General expenses Rs.500

Discount allowed Rs.300

Advertisement expenses to be fully charged Rs. 600

Income tax paid Rs.2000

The number of units produced during July, 2002 was Rs.3000

The stock of finished goods was 200 and 400 units on 1-7-2002 and 31-7-2002 respectively. The total cost of units on hand on 1-7-2002 was Rs.2800. All these have been sold during the month.

10M

8. From the following particulars, Prepare the cost sheet for the year ending 31-12- 2001. 10M

Stock of raw materials 1-1-2001, Rs.6000

Stock of raw materials 1-1-2001, Rs.40000

Manufacturing wages Rs.7000

Purchase of raw materials Rs.475000

Carriage inwards Rs.12500

Factory rent Rs.3000

Other production expenses Rs.43000

Stock of goods 31-12-2001 Rs.15000

Wages Rs. 175000

Work manager's salary Rs.30000

Factory employee salary Rs.60000

Power expenses Rs.9500

Sales for the year Rs.860000

Stock of the raw materials 31-12-2001, Rs.50000

Work in progress 31-12-2001, Rs.10000.

9. What are the elements of cost? Explain them with suitable examples. 10M
10. Explain the similarities and differences between cost center, and cost unit. 10M

Case study 1:

The following Trail balance was extracted from the books of Mr. Rao & sons on March 31, 2002. You are required to prepare a Trading account and profit and loss account for the year ended March 31, 2002 and a Balance sheet as on that date.

Particulars	Debit Rs.	Credit Rs.
Debtors	12000	
Creditors		7900
Capital		30000
Drawings	2900	
Rent and rates	250	
Trade expenses	670	
Purchases	8640	
Sales		14290
Return outwards		280
Return inwards	190	
Carriage inwards	250	
Wages	2950	
Salaries	1200	
Stock(1-4-2001)	3100	
Discount received		240
Discount allowed	180	
Bad debts	200	
Machinery	2510	
Furniture	1800	
Cash in hand	500	
Cash at Bank	15400	
	52710	52710

Closing stock was valued Rs.14, 220

Case study 2:

Prepare the cost sheet to show the total cost of production for the month of July, 2002.

- Stock of raw materials 1-7-2002, Rs.3000
- Raw materials purchased Rs.28000
- Stock of raw materials 31-7-2002, Rs.4500
- Manufacturing wages Rs.7000
- Depreciation on plant Rs.1500
- Loss on sale on plant Rs.300
- Office rent Rs.3000
- General expenses Rs.500
- Discount allowed Rs.300
- Advertisement expenses to be fully charged Rs. 600
- Income tax paid Rs.2000

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Case study 3:

On 1st January, 2001 machinery was purchased by Mr.Prabhakar for Rs 80,000. On 1st July, 2002 he made addition at a cost of Rs 20,000. Again on 1st April, 2003 further additions were made at a cost of Rs 10,000. Prabhakar closes books every year on 31st December. What would be closing balance of machinery account on 31st December, 2003 if he provides depreciation on diminishing balance method at 10% p.a? Show machinery account for three years.

Case study 4:

The particulars of incomes and expenses of a company are given here under, for the year ended 31/03/2015.

Particulars	Rs
Opening Stock	76250
Purchases	3,15,250
Manufacturing expenses	7,000
Administration expenses	1,00,000
Selling & distribution expenses	12,000
Loss by fire	13,000
Sales	5,00,000
Closing Stock	9,850
Income from Investment	6,000

From the following information you are required to calculate:

- (a) Operating profit.
- (b) Operating profit ratio.
- (c) Stock turnover ratio.
- (d) Gross profit ratio.
- (e) Net profit ratio

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