(7 pages)

S.No. 1468 **P 22 IBCC 13**

(For candidates admitted from 2022–2023 onwards)

M.I.B. DEGREE EXAMINATION, NOVEMBER 2022.

International Business

ACCOUNTING FOR MANAGERS

Time : Three hours Maximum : 75 marks

SECTION A — (20 marks)

Answer ALL questions.

I. Multiple Choice questions : (5 × 1 = 5)

1. The kind of debts which are needed to be repaid in a short term is known as ——————.
   (a) Fixed Liabilities
   (b) Current Liabilities
   (c) Depreciating assets
   (d) Intangible assets

2. Trend analysis is significant for ——————
   (a) profit planning
   (b) working capital management
   (c) capital rationing
   (d) forecasting and budgeting

3. Break even chart is a chart of ——————.
   (a) Sales (b) Total cost
   (c) Profit (d) Sales and Total cost

4. Consumption of raw material is based on ——————.
   (a) Production (b) Sales
   (c) Cash (d) Market

5. The discounting factor at which net present value is zero is ——————
   (a) accounting rate of return
   (b) internal rate of return
   (c) return on investment
   (d) capitalisation rate

II. Fill in the blanks : (5 × 1 = 5)

6. If the two sides of the trial balance tally, it is an indication of the fact that the books of accounts are —————— accurate.

7. Vertical analysis is known as structural or —————— analysis.

8. Marginal cost can be alternatively called —————— cost.

9. —————— budget is for different levels of activity.

10. Capital budgeting refers to the ——————.

III. Answer the following questions : (5 × 2 = 10)

11. What is a trial balance?

12. What are financial statements?

13. What is meant by contribution?

14. Define 'Budgeting'.

15. What do you mean by capital rationing?

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) What is accounting? What is the need for it?

Or

(b) Prepare trial balance from the following:

	Rs.
Capital	9,000
Plant and machinery	12,000
Purchases	8,000
Sales	12,000
Sundry creditors	8,000
Bank Loan	22,000
Rent outstanding	1,000
Opening stock	2,000

	Rs.
Sales returns	4,000
Investments	14,000
Debtors	12,000

17. (a) A trader purchases goods both on cash as well as on credit terms. The following particulars are obtained from the books:

	Rs.
Total purchases (gross)	2,00,000
Cash purchases	20,000
Purchase returns	34,000
Creditors at the end	70,000
Bills payable at the end	40,000

You are required to

(i) Calculate creditors turnover ratio

(ii) Calculate average payment period.

Or

(b) From the following data you are required to compute interest coverage or fixed charges cover ratio of X Ltd.,

Net profit after tax — Rs. 4,00,000;

Tax rate — 50%;

Long-term debt of the company: Rs.8,00,000 at an average interest rate of 10%.

18. (a) Explain the objectives of Cost volume profit analysis.

Or

(b) From the following information relating to X Ltd., you are required to find out

(i) P/V Ratio

(ii) Break even point

(iii) Profit

(iv) Marginal of Safety

(v) Volume of sales to earn profit of Rs.6,000.

Total Fixed costs — Rs.4,500; Total Variable costs — Rs.7,500; Total Sales — Rs.15,000

19. (a) What are the essentials of a good budgetary control system?

Or

(b) Explain any two types of budgets.

20. (a) Explain the nature of capital budgeting.

Or

(b) Discuss the various Time Adjusted Techniques' of appraising capital projects.

SECTION C — (3 × 10 = 30)

Answer any THREE out of Five questions.

21. Accounting is the language of business — elucidate.

22. Prepare a Balance sheet with as many details as possible from the following information

Gross Profit ratio — 20%; debtors turnover — 6times; fixed assets to net worth — 0.80; reserves to capital — 0.50; current ratio — 2.50; Liquid ratio — 1.50; Net working capital — Rs.3,00,000; Stock turnover ratio — 6 times.

23. A company is considering expansion. Fixed costs amount to Rs.4,20,000 and are expected to increase by Rs.1,25,000 when plant expansion is completed. The present plant capacity is 80,000 units a year. Capacity will increase by 50% with the expansion. Variable costs, currently Rs.6.80 per unit, are expected to go down by Re,0.40 per unit with the expansion. The current selling price is Rs.16 per unit and is expected to remain the same under each alternative. What are the break even points under either alternative? Which alternative is better and why?

24. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity)	1000 units

25. Explain the important steps in the capital budgeting process.