



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

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QUESTION BANK (DESCRIPTIVE)

Subject with Code: ACCOUNTING FOR MANAGERS (20MB9002)

Course & Branch: MBA I Year I-Sem

Regulation: R20

UNIT – I

1. What is accounting? Explain its objectives and principles. [L1] [CO1] 10M
2. What are accounting concepts and conventions? [L1] [CO1] 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. [L2][CO1] 10M
4. (a) Explain accounting principles and its concepts [L2][CO1] 5M
(b) Classify the accounts with suitable examples and explain rule of debit and credit. [L2][CO1] 5M
5. Classify the types of accounts and write accounting rules with example transaction for each type of account. [L3][CO1] 10M
6. What is dual concept of accounting and explain the accounting equation with suitable example transaction? [L2][CO1] 10M
7. What do you mean by accounting? And illustrate its scope. [L1][CO1] 10M
8. According to the principles of ‘Double entry system’ Every debit has a Corresponding credit. Explain clearly. [L2][CO1] 10M
9. What are the advantages & disadvantages of Accounting` [L1][CO1] 10M
10. Explain (a) Internal & External accounting users. [L2][CO1] 5M
(b) Personal & impersonal account. [L1][CO2] 5M

UNIT –II

1. How do you classify accounts? What is ledger? What is meant by sub-division of ledger? [L2][CO2] 10M
2. Prepare journal and post them into ledger: [L4][CO2]

01.07.2004 Ram started business with cash	Rs 8000
01.07.2004 Furniture	Rs 5000
01.07.2004 Machinery	Rs 6000
01.07.2004 Purchased goods for cash	Rs 4000
03.07.2004 Goods purchased from Radha & Co	Rs 2000
04.07.2004 Sold goods to Jayalakshmi	Rs 4500
3. ` What is trail balance? State the errors which cannot be disclosed by it. [L1][CO2] 10M
4.
 - (a) What do you understand by subsidiary books? Name them. [L1][CO2] 4M
 - (b) Draw specimen of journal with two examples. [L2][CO2] 3M
 - (c) What is accounting cycle? Explain with diagram. [L1][CO2] 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
[L1][CO2]
7. Discuss in detail the concept of depreciation and write a brief note on methods of Depreciation. [L3][CO2] 10M
8. On 1st January, 2008 machinery was purchased by Mr.Prabhakar for Rs 80,000. On 1st July, 2008 he made addition at a cost of Rs 20,000. Again on 1st April, 2009 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, 2009? if he provides depreciation on diminishing balance method at 10% p.a? Show machinery account for three years. [L4][CO2] 10M
9. Describe the methods of valuing various Tangible and Intangible assets. [L3][CO2] 10M
10. Sekhar and Co. acquired a machine for Rs.50000 on 1 st April 1999 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. [L4][CO2]
 - a. Fixed percentage method. 5M
 - b. Diminishing Balance method. 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? [L1][CO3] 10M
2. Mention some of the differences between cash flow statements and funds flow statements [L2][CO3] 10M
3. Illustrate the limitations of funds flow statement. [L2][CO3] 10M
4. Write a skeleton [L3][CO3] 10M
 - i) Schedule of changes in working capital 4M
 - ii) Funds from operation 3M
 - iii) Funds flow statement 3M
5. Explain the steps in the preparation of funds flow statement. Discuss in brief about uses of funds flow statement. [L2][CO3] 10M
6. "A cash flow statement is required to explain the changes in cash account balances Between balance sheet dates". Explain the statement. [L2][CO3] 10M
7. From the following particulars, calculate funds from operation. [L4][CO3] 10M

	1991	1992
Profit and Loss a/c	1,00,000	1,75,000
General reserve	50,000	75,000
Good will	25,000	15,000
Provision for Depreciation	20,000	40,000
Interest on investment	NIL	5,000
Interest on fixed deposit	NIL	2000
Income tax paid	NIL	10,000
Preliminary exp	10,000	5000
Discount on issue of debenture	5,000	2,500
Gain on sale of shares	NIL	600

8. From the following balances you are required to calculate cash from operations:

[L4][CO3] 10M

	2019	2020
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

9. Write a short notes on [L2][CO3]
 - (a) Funds from operation 3M
 - (b) Process of funds flow statement 4M
 - (c) Process of cash flow statement 3M
10. What are the limitations of cash flow statement? What are the internal sources of cash? [L2,CO3] 10M

UNIT-IV

1. Explain cost – volume profit analysis. [L1][CO4] 10M
2. Explain the ways by which profit volume ratio can be improved. [L1][CO4] 10M
3. Illustrate the uses of break-even analysis in profit planning. [L1][CO4] 10M
4. Discuss the applications of the marginal costing technique. [L2][CO4] 10M
5. Explain the advantages and disadvantages of marginal costing. [L1][CO4] 10M
6. Discuss about the managerial uses of breakeven analysis? [L2][CO4] 10M
7. From the following information calculate: [L3][CO4]
 - (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. [L3][CO4] 10M

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

[L3][CO4]

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? [L2][CO4] 10M

UNIT-V

1. Illustrate the benefits of cost accounting and limitations of it. [L2][CO5] 10M
2. Describe the relationship between cost accounting and financial accounting. 10M
[L2][CO5]
3. What are the functions and characteristics of a good costing system? [L1][CO5] 10M
3. How do you organize a costing department of a big manufacturing organization? 10M
[L2][CO5]
5. How do you classify the costs? State various methods. [L2][CO5] 10M
6. Explain elaborately the parts of total cost and the components to be included therein. 10M
[L2][CO5]
7. Prepare the cost sheet to show the total cost of production for the month of July, 2002. 10M
[L4][CO5]

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.

8. From the following particulars, Prepare the cost sheet for the year ending 31-12- 2001. [L4][CO5] 10M

10M
Stock of raw materials 1-1-2009, Rs.6000
Stock of raw materials 1-1-2009,
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 31-12-2009,
 Rs.50000 Work in progress 31-12-2009,
 Rs.10000.

9. What are the elements of cost? Explain them with suitable examples. [L1][CO5]10M
 10. Explain the similarities and differences between cost center, and cost unit.[L1][CO5] 10M

Case study 1:

10M

The following Trail balance was extracted from the books of Mrs Priyadarshini & sons on March 31, 2010. You are required to prepare a Trading account and profit and loss account for the year ended March 31, 2010 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(1-4-2009)	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:**10M**

Prepare the cost sheet to show the total cost of production for the month of July, 2018.

- Stock of raw materials 1-7-2018, 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, 2018 was Rs.3000

The stock of finished goods was 200 and 400 units on 1-7-2018 and 31-7-2018 respectively.

The total cost of units on hand on 1-7-2002 was Rs.2800. All these have been sold during the month.

Case study 3:**10M**

On 1st January, 2002 machinery was purchased by Mr.GOPI for Rs 80,000. On 1st July, 2002 he made addition at a cost of Rs 20,000. Again on 1st April, 2005 further additions were made at a cost of Rs 10,000. Gopi closes books every year on 31st December. What would be closing balance of machinery account on 31st December, 2005 if he provides depreciation on diminishing balance method at 8 % p.a? Show machinery account for three years.

Case study 4:**10M**

The Journalize the following transactions and prepare Ledgers in the books of Satish.

Particulars	Rs
Satish commenced business	75,000
Deposit in to bank	30,000
Purchase furniture and paid by cheque	1,500
Good purchased from koti	20,000
Kot full settlement	19500
Goods retured to koti	400
Good sold to ravi	5,00
Commission received	250
Salaries	4,000

Subject name with code: ACCOUNTING FOR MANAGERS (21MB9002)

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