

CBCS SCHEME

20MBA13

USN

First Semester MBA Degree Examination, Feb./Mar. 2022

Accounting for Managers

Time: 3 hrs.

Max. Marks:100

- Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.

- 1 a. State the different types of accounting. (03 Marks)
b. Explain briefly different concept of accounting. (07 Marks)
c. Journalize the following transactions in the books of Mr. X for the month of December 2020.

2020 Dec. 1 Started business with cash of Rs.1,00,000.

2020 Dec. 3 Borrowed Rs.60,000 from Y

2020 Dec. 4 Purchased goods worth Rs.60,000 at a trade discount of 5%

2020 Dec. 6 Deposited into bank Rs.30,000

2020 Dec. 8 Sold goods to Z at a list price of Rs.80,000 and trade discount allowed 3%.

2020 Dec.14 Payment made by Z and allowed him cash discount 5%.

2020 Dec.20 Withdrawn for personal use Rs.1000

2020 Dec.22 Paid rent in advance Rs.5000

2020 Dec.24 Received commission from ABC Traders Rs.6,500

2020 Dec.28 Paid salaries Rs.15,000

(10 Marks)

- 2 a. What do you mean by Forensic Accounting? (03 Marks)
b. Explain the significance of Ratio Analysis. (07 Marks)
c. M/S ABC Ltd. presents to you the following data:

Particulars	Amount	Particulars	Amount
Equity capital	10,00,000	Fixed Assets	10,00,000
Reserve fund	1,00,000	Stock	4,00,000
Debentures	3,00,000	Prepaid expenses	1,00,000
Overdraft	2,00,000	Debtors	2,00,000
Creditors	3,00,000	Cash	2,00,000
Total	19,00,000	Total	19,00,000

Compute: (i) Current ratio (ii) Acid test ratio (iii) Debt equity ratio

(iv) Stock to working capital ratio (v) Proprietary ratio

(10 Marks)

- 3 a. Explain the convention of conservatism. (03 Marks)
b. From the following data relating the PQR Co. Ltd for the period ended 31st March 2017 the 31st March 2020. Calculate trend percentages. (Rs. in lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20
Cash	100	120	80	140
Debtors	200	250	325	400
Stock	300	400	350	500
Other current assets	50	75	125	150
Land	400	500	500	500

(07 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

- c. Following are the summarized balance sheets of company as on 31-3-2019 and 31-3-2020.

	31-3-2019	31-3-2020
Capital and Liabilities		
Share capital	5,00,000	5,00,000
General Reserve	1,50,000	1,25,000
Profit and Loss A/C	76,500	76,250
Term Loan	1,55,000	1,75,000
Sundry Creditors	2,31,250	2,75,000
Provision for taxation	76,250	84,250
	11,89,000	12,35,500
Assets		
Premises	4,75,000	5,00,000
Machinery	4,22,500	3,75,000
Equipments	40,500	45,000
Stock	74,000	1,00,000
Debtors	1,60,000	2,00,000
Cash	7000	3000
Bank	10,000	-
Goodwill	-	12,500
	11,89,000	12,35,500

Additional information:

- (i) Interim dividend paid Rs.25,000.
(ii) Depreciation on premium is provided at 5%.
(iii) Machinery of Rs.75,000 was acquired during the year.
(iv) Income tax paid for the year was Rs.75,000.

Prepare cash flow statement in accordance with AS-3.

(10 Marks)

- 4 a. State the meaning of IFRS. (03 Marks)
b. What is window dressing? Mention various ways of window dressing. (07 Marks)
c. The total cost of manufactured components (on the basis of actual production of 90,000 units) is as under:

Direct material	100
Direct labour	100
Direct expenses	80
Overheads (80% fixed)	600
Total cost	880

The same component is available in the market at Rs.450. Should the firm make it or buy it?

(10 Marks)

- 5 a. What is Variance Analysis? (03 Marks)
b. Briefly explain different methods of Human Resources Accounting. (07 Marks)
c. PCT Ltd. provide the following details:

Operating capacity = 60% Units produced = 600
Materials = Rs.120 per unit Labour = Rs.50 per unit
Expenses = Rs.15 per unit Factory expenses Rs.50000 (40% fixed)
Administrative expenses Rs.35,000 (60% fixed)

Prepare a flexible budget showing the total cost for 60% and 100% capacity (10 Marks)

- 6 a. What is ROCE? (03 Marks)
b. Discuss the significance of cost volume profit relationship. (07 Marks)
c. For producing a product, the standard quantity of material required was fixed at 10 kg and standard price was fixed at Rs.2 per kg. The actual quantity consumed was 12 kgs and the actual price paid was Rs.2.50 per kg. Calculate Material Price Variance, Material Quantity Variance and Material Cost Variance. (10 Marks)

- 7 a. Calculate Break Even Point in units:
Selling price Rs.200 per unit; Variable cost Rs.100 per unit; Total fixed cost Rs.96,000. (03 Marks)
- b. What do you mean by functional budget? Discuss any two such budgets. (07 Marks)
- c. From the following income statement, calculate:
(i) Gross Profit Ratio (ii) Net Profit Ratio (iii) Operating Ratio
(iv) Operating Profit Ratio (v) Stock Turn Over Ratio (vi) Expenses ratio

Sales		5,00,000
Less: Opening stock	76,250	
Purchases	3,22,250	
	3,98,500	
(-) Closing stock	98,500	3,00,000
Gross profit		2,06,000
Add: Non-operating income		6000
		2,06,000
Less: Expenses :		
Administration exp	1,01,000	
Selling and distribution exp	12,000	
Interest paid	7,000	
Loss on sale of shares	2,000	1,22,000
Net Profit		84,000

(10 Marks)

- 8 Case Study: (compulsory)
The following are the balances of Anup & Co. as on 31 March 2020.

Particulars	Dr.	Particulars	Cr.
Premises	30,72,000	Share capital	40,00,000
Plant	33,00,000	12% Debentures	30,00,000
Stock	7,50,000	Profit and Loss A/C	2,62,500
Debtors	8,70,000	Bills Payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash & Bank	4,06,500	Sales	41,50,000
Calls in arrears	75,000	General Reserve	2,50,000
Interim dividend paid	3,92,500	Bad debts provision	35,000
Purchases	18,50,000	(1-4-2019)	
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Baddebts	21,100		
Debenture interest paid	180,000		
	1,24,67,500		1,24,67,500

Additional information:

- (i) Depreciation plant by 15%.
(ii) Half year debenture interest is due.
(iii) Create 5% provision on debtors for doubtful debts.
(iv) Provision for income tax 50%.
(v) Stock as on 31st March 2020 Rs.9,50,000.
(vi) Write off Rs.5,000 from preliminary expenses.

Prepare final accounts of the company as per Schedule III to the Companies Act, 2013.

(20 Marks)
