



First Semester MBA Degree Examination, Jan./Feb. 2023

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. What is Trail Balance? (03 Marks)
 b. Explain the Types of Accounting. (07 Marks)
 c. Mr. Vidya started business with the followings on January 1, 2022:
 Cash Rs. 5,000, Furniture Rs.10,000 and goods Rs.30,000 and amount due from Savitha Rs.13,000, amount due to Sharada Rs.10,000.

Her transactions during the month are as follows :

| | |
|--------|---|
| Jan 2 | Purchased goods from Nandini Rs.55,000 |
| Jan 3 | Sold goods to Vijayalakshmi Rs.50,000 |
| Jan 4 | Invested fresh capital Rs.80,000 |
| Jan 5 | Paid Nandini on account Rs.25,000 |
| Jan 7 | Received from Vijayalakshmi Rs.30,000 |
| Jan 10 | Withdraw cash for personal use Rs.12,000 |
| Jan 13 | Sold goods to Uma subject to 5% trade discount of Rs.30,000 |
| Jan 31 | Paid wages to workers Rs.35,000 |

Journalize the above transactions.

(10 Marks)

- 2 a. What is Window Dressing? (03 Marks)
 b. Explain the Tools and Techniques of Financial statement analysis. (07 Marks)
 c. The following data given below :
 Sales Rs.21,00,000
 Working capital Rs.3,00,000
 Fixed Asset Rs.4,20,000
 Total Assets Rs.10,50,000
 Capital Employed Rs.7,00,000
 Calculate : (i) Capital Turnover Ratio (ii) Fixed Assets Turnover Ratio
(iii) Working capital Turnover Ratio (iv) Total Assets Turnover Ratio. (10 Marks)

- 3 a. What is Solvency Ratio? (03 Marks)
 b. Prepare a Trading Profit & Loss Account from the following information for the year ended 31st Dec 2021 : Opening stock – 4,00,000 ; Purchase – 13,00,000 ;
 Sales - Rs.25,00,000 ; Returns outwards – Rs.1,00,000; Returns inwards – Rs.2,00,000 ;
 Carriage inwards – Rs.1,20,000 ; Clearing charges – Rs.80,000; Closing stock – Rs.3,00,000 (07 Marks)

- c. Calculate cash flow from Operating activities from the followings :

| Particulars | 31-3-2020 | 31-3-2021 |
|---------------------|-----------|-----------|
| Goodwill | 1,40,000 | 1,20,000 |
| General Reserve | 3,44,000 | 4,14,000 |
| Profit and Loss A/C | 1,20,000 | 1,30,000 |
| Debitors | 1,70,000 | 96,000 |
| B/R | 80,000 | 1,62,000 |
| Wages outstanding | 52,000 | 16,000 |
| Salaries prepaid | 16,000 | 20,000 |

(10 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.

- 4 a. What is Forensic Accounting? (03 Marks)
 b. Briefly explain the objectives of management accounting. (07 Marks)
 c. From the following information, you are required to calculate :

- (i) Contribution (ii) Break-even-point
 (iii) Profit (iv) Margin of safety
 (v) Volume of sales to earn profit of Rs.60,000.

Total sales – 1,50,000

Number of units sold – 50,000

Total variable cost – 75,000

Total Fixed cost – 45,000

(10 Marks)

- 5 a. What is Functional budget? (03 Marks)
 b. Explain the features of Accounting Standards. (07 Marks)
 c. M/s Ram & Company had budgeted the following expenses for producing 12,000 units.

| Particulars | Amount (Rs.) per unit |
|--|-----------------------|
| Materials | 60 |
| Labour | 30 |
| Variable overheads | 25 |
| Fixed overheads (Rs.1,20,000) | 10 |
| Direct variable OH | 6 |
| Selling and distribution expenses (25% Fixed) | 24 |
| Administration expenses (60,000 rigid for all levels of production) | 5 |
| Total | 160 |

Prepare a budget for the production of 10,000 units.

(10 Marks)

- 6 a. Calculate CA and CL, if working capital is Rs.4,60,000 and CR = 2.5. (03 Marks)
 b. Briefly explain the classification of variances. (07 Marks)
 c. Briefly explain the methods of HR Accounting. (10 Marks)
- 7 a. What is Comparative Analysis? (03 Marks)
 b. From the following information prepare a Trend Analysis and give interpretation of the results (07 Marks)

(Rs. in lakhs)

| Particulars | 2018 | 2019 | 2020 | 2021 |
|----------------------|--------|-------|--------|--------|
| Net sales | 100.00 | 95.00 | 120.00 | 130.00 |
| Cost of goods sold | 60.00 | 58.90 | 69.60 | 72.80 |
| Gross profit | 40.00 | 36.10 | 50.40 | 57.20 |
| Operating expenses | 10.00 | 9.70 | 11.00 | 12.00 |
| Net operating profit | 30.00 | 26.40 | 39.40 | 45.20 |

- c. 'X' Company incurred the following cost for manufacturing of goods as below :

Fixed Factory overhead cost Rs.70,000

Fixed selling overhead cost Rs.20,000

Variable manufacturing cost PU Rs.16

Variable selling cost PU Rs.4

Selling price PU Rs.25

Calculate : (i) BEP in units

(ii) BEP in sales value

(iii) Number of units, if earn a profit of Rs.1,95,000.

(10 Marks)

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CASE STUDY: (compulsory)

Prepare a statement of profit / loss for the year ended 31st March 2021 and Balance Sheet as on that date from the following Trial Balance.

| Particulars | Dr (Rs.) | Cr (Rs.) |
|-----------------------|-----------------|-----------------|
| Purchases | 2,51,000 | - |
| Purchases returns | - | 2,650 |
| Sales | - | 4,18,000 |
| Sales returns | 2,000 | |
| Drawings | 45,000 | |
| Goodwill | 80,000 | |
| Land & Buildings | 60,000 | |
| P & M | 40,000 | |
| Loose Tools | 3,000 | |
| B/R | 3,000 | |
| Stock on 1 - 4 - 2020 | 40,000 | |
| Wages | 20,000 | |
| Carriage outwards | 500 | |
| Carriage inwards | 1,000 | |
| Coal | 5,800 | |
| Salaries | 35,000 | |
| Rent & Taxes | 2,800 | |
| Discount | 1,500 | |
| Cash at Bank | 25,000 | |
| Cash in Hand | 400 | |
| Sundry Debtors | 45,000 | |
| Repairs | 1,800 | |
| Printing & Stationary | 500 | |
| Bad debts | 1,200 | |
| Advertisement | 3,500 | |
| Furniture | 11,200 | |
| General Expenses | 5,250 | |
| B/P | | 33,800 |
| Creditors | | 70,000 |
| Share capital | | 1,60,000 |
| | 6,84,450 | 6,84,450 |

Adjustments :

- Closing stock as on 31st March 2021 was valued Rs.35,000
- Provide Rs.1,500 for wages.
- Advertisement prepaid Rs.500
- Depreciate plant and machinery, loose tools and Furniture by 10% and Land and Buildings by 5%.
- Provide 5% on debtors against bad debts and 2% against discount.

(20 Marks)

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