

CBCS SCHEME



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20MBA13

First Semester MBA Degree Examination, Jan./Feb. 2021 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.**

Module-1

- 1**
- a. State any three ways of window dressing. (03 Marks)
 - b. Explain the benefits derived from Human Resource Accounting. (07 Marks)
 - c. Calculate:
 - (i) The amount of fixed cost
 - (ii) The number of units to breakeven
 - (iii) The number of units to earn a profit of Rs.4000.

The selling price P.U. can be assumed at Rs.100. The company sold in 2 successive periods 7000 units and 9000 units and has incurred a loss of Rs.10,000 and earned Rs.10,000 as profit respectively. (10 Marks)
- 2**
- a. Differentiate between trade discount and cash discount. (03 Marks)
 - b. How trial balance is different from balance sheet? (07 Marks)
 - c. Following is an incomplete balance sheet given to you:

Liabilities	Rs.	Assets	Rs.
Equity capital	3,00,000	Fixed Assets	?
Retained earnings	3,00,000	Inventories	?
Creditors	?	Debtors	?
		Cash	?
	10,00,000		10,00,000

You are given the additional information:

- (i) The total debt is $\frac{2}{3}$ rd of the Networth.
- (ii) Turnover of total assets is 1.8.
- (iii) 30 days sales are in the form of debtors.
- (iv) Turnover of inventory is 2.
- (v) Cost of goods sold in the year Rs.9,00,000
- (vi) Acid test ratio is 1:1.

Complete the balance sheet using the additional information. (10 Marks)

- 3**
- a. In what ways ledger will be beneficial to businessman? (03 Marks)
 - b. The following are the balance sheet of Mr. Rajasekahar. The balance sheet values are given in lakhs:

Liabilities	2019	2020	Assets	2019	2020
Equity capital	400	400	Land	100	100
Reserve	245	200	Building	270	300
6% Preference shares	300	300	Plant	270	300
6% Debentures	150	100	Furniture	140	100
Tax payable	150	100	Stock	300	200
Sundry creditors	200	150	Debtor	300	200
Bills payable	75	50	Cash	140	100
	1520	1300		1520	1300

Prepare a comparative balance sheet. (07 Marks)



- c. Journalize the following transactions in the books of X and Co. 2020
- 1st Nov Started business with Rs.2,00,000 out of which Rs.50,000 deposited into bank
 - 2nd Nov Purchase goods from Trilok and Sons for Rs.40,000
 - 4th Nov Sold goods for cash Rs.20,000
 - 8th Nov Paid to Trilok and Sons and availed cash discount of Rs.4000
 - 10th Nov Paid Telephone bill through bank Rs.500
 - 12th Nov Purchase furniture worth Rs.25000
 - 15th Nov Purchased a computer for personal use for Rs.20000 paid through bank
 - 18th Nov Purchase goods from Saurabh & Co., invoice price of Rs.12000 at a trade discount of 10%.
 - 20th Nov Paid office expenses Rs.200
 - 22nd Nov Issued cheque to Saurabh & Co., to settle his account and available discount of Rs.800. (10 Marks)

- 4 a. What is Accounting Equation concept? (03 Marks)
 b. "Sustainability Reporting is not just report generation from collected data; instead it is a method to internalize and improve an organizations commitment." Justify. (07 Marks)
 c. How Accounting Information is useful to various users? (10 Marks)
- 5 a. Given: Stock – 6000, Debtor – 4000, Creditors – 5000, Outstanding expenses – 2000, Prepaid expenses – 3000. Calculate current ratio. (03 Marks)
 b. From the following trail balance (containing some errors), prepare a correct trail balance.

Heads of Accounts	Dr.	Cr.
Purchases	1,20,000	-
Reserve fund	40,000	-
Sales	-	2,00,000
Purchase return	2,000	-
Sales return	-	4,000
Opening stock	60,000	-
Closing stock	-	80,000
Expenses	-	40,000
Outstanding expenses	4,000	-
Bank balance	10,000	-
Assets	1,00,000	-
Debtors	-	1,60,000
Creditors	-	60,000
Capital	1,88,000	-
Suspense a/c	20,000	-

- c. Explain the relation of accounting with other disciplines. (07 Marks)
(10 Marks)
- 6 a. What is Forensic Accounting? (03 Marks)
 b. From the following information, compute
 (i) Material Cost Variance (ii) Material Price Variance (iii) Material usage variance.

Material	Standard Qty (kilos)	Standard Qty (Rs.)	Total (Rs.)	Actual Qty (Rs)	Actual Unit Price (Rs.)	Total (Rs.)
A	10	2	20	5	3	15
B	20	3	60	10	6	60
C	20	6	120	15	5	75
Total	50	4	200	30	5	150

(07 Marks)



c. The balance sheets of X Ltd as on 31st March 2019 and 2020 were as follows:

Liability & Capital	2019	2020	Assets	2019	2020
Share capital	5,00,000	7,00,000	Land & Building	80,000	1,20,000
P & L A/C	1,00,000	1,60,000	Plant & Machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry Creditors	1,63,000	2,00,000	Sundry debtors	1,40,000	1,50,000
Bills Payable	30,000	40,000	Prepaid expenses	14,000	12,000
Outstanding expenses	7,000	5,000	Cash at bank	16,000	18,000
	8,50,000	11,75,000		8,50,000	11,75,000

Additional Information:

- (i) Rs.50,000 depreciation has been charged to P & M during the year 2019.
- (ii) A piece of machinery was sold for Rs.8000 during 2019. It has cost Rs.12,000 depreciation of Rs.7000 has been provided on it.

Prepare cash flow statement as per AS-3.

(10 Marks)

7 a. What do you mean by DBMS? Give names of two commonly available DBMS software.

(03 Marks)

b. The expenses for the production of 5000 units in a factory are given as follows:

	Rs. Per unit
Material	50
Labour	20
Variable overhead	15
Fixed overhead (50000)	10

Administrative expenses 20% variable	10
Selling expenses 20% fixed	6
Distribution Expenses 20% fixed	5
Total cost of selling per unit	116

You are required to prepare a budget for the production of 7000 units.

(07 Marks)

c. From the following information has been made available from the cost records of united Automobiles ltd., Manufacture Spare Parts.

Direct Material	Per unit
X	Rs.8
Y	Rs.6
Direct Wages	
X	24 hours at 25 paise per hour
Y	16 hours at 25 paise per hour

Variable overheads 150% of wages

Fixed overheads Rs.750

Selling Price: X = Rs.25, Y = Rs.20

The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mixes in the budget for the next period.

- (i) 500 units of X and 500 units of Y.
- (ii) 800 units of Y only
- (iii) 800 units of X and 200 units of Y
- (iv) 300 units of X and 350 units of Y

(10 Marks)

**8 Case Study:**

From the following Trail Balance of Tata Trading Company Ltd., prepare the financial statements for the year ending 31st March 2021 in vertical format as per Companies Act, 2013.

Particulars	Dr	Cr
Sale of goods		5,50,000
Office rent	50,000	
Opening inventories	35,000	
Purchase of goods	1,70,000	
Furniture	1,85,000	
Trade payables		85,000
Plant and machinery	1,00,000	
Trade receivables	1,60,000	
Equity share capital (4000 shares of Rs.10 each)		4,00,000
10% Debentures		1,00,000
Interest on debenture	10,000	
Fixed deposit	70,000	
Staff welfare expenses	12,000	
Surplus (opening balance)		10,000
Cash in hand and Bank	63,000	
Building	90,000	
Rate and Taxes	25,000	
Salaries	55,000	
Goodwill	1,25,000	
General Reserve		5000
	11,50,000	11,50,000

Adjustments:

- Closing inventories Rs.45,000
 - Create provision for taxation at 30%.
 - Transfer to general reserve Rs.5000.
 - Directors proposed dividend of 10%.
 - Provide depreciation on plant & machinery at 10% and building at 5%.
- (20 Marks)**

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