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20MBA13

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. <br> 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2020 Dec. 20 Withdrawn for personal use Rs. 1000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 $31^{\text {st }}$ March 2017 the $31^{\text {st }}$ 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 |

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 |  | - |
|  | $11,89,000$ | $12,35,500$ |

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.
4 a. State the meaning of IFRS.
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 |  |



The same component is available in the market at Rs. 450 . Should the firm make it or buy it?
5 a. What is Variance Analysis?
b. Briefly explain different methods of Human Resources Accounting.
c. PCT Ltd. provide the following details:

Operating capacity $=60 \%$
Materials $=$ Rs. 120 per unit
Expenses $=$ Rs. 15 per unit

Units produced $=600$
Labour $=$ Rs. 50 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?
b. Discuss the significance of cost volume profit relationship.
(03 Marks)
(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 .
b. What do you mean by functional budget? Discuss any two such budgets.
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 pro |  | 2,06,000 |
| Add: Non-operating income |  | 6000 |
|  |  | 2,06,000 |
| Less: Expenses : |  | C |
| 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 |
| N Net Profit |  | 84,000 |

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 proyision | 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 |  | $1,24,67,500$ |
| Debenture interest paid | 180,000 |  |  |
|  | $1,24,67,500$ |  |  |

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 $3{ }^{\text {st }}$ 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)

