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Roll No. ....

**MB-104**

**MASTER OF BUSINESS  
ADMINISTRATION  
(FIRST SEMESTER)  
END SEMESTER  
EXAMINATION, Jan., 2023  
ACCOUNTING FOR MANAGERS**

**Time : Three Hours**

**Maximum Marks : 100**

- Note :** (i) This questions paper contains two  
Section A and B.
- (ii) Both Sections are compulsory.
- (iii) Answer any *two* sub-questions among  
(a), (b) and (c) in each main question  
of Section A. Each sub-question  
carries 10 marks.
- (iv) Section B consisting of case study is  
compulsory. Section B is of 20 Marks.

**P. T. O.**

## Section—A

1. (a) Define Accounting Cycle. Discuss the nature of accounting. (CO1)
- (b) Journalise the following transactions (all the transactions are for the month of April) : (CO1)
- ₹
- |  |        |
|--|--------|
| (i) Commenced business with cash   | 50,000 |
| (ii) Purchased goods from Subhash  | 20,000 |
| (iii) Sold goods to Ramnath  | 15,000 |
| (iv) Ramnath returned defective goods  | 1,000  |
| (v) Received cash from Ramnath in full settlement of his account                       | 13,800 |
| (vi) Gopal sold goods to the business  | 10,000 |
| (vii) Paid to Gopal in full settlement of his account after deducting 5% cash discount |        |
| (viii) Paid rent   | 1,000  |
| (ix) Purchased goods for cash from A at 20% trade discount                             |        |

- |  |        |
|--|--------|
| (x) Purchased goods from A at 20% trade discount | 10,000 |
| (xi) Paid to A in full settlement of his account | 7,850  |
| (xii) Paid wages                                 | 400    |
| (xiii) Advertisement expenses                    | 800    |
| (xiv) Owner's rent                               | 500    |
- (c) Discuss the GAAP concepts and conventions. (CO1)
2. (a) Examine the major cash inflows and outflows from Operating activities. (CO2)
- (b) A company which closes its books of account every year on 31st March, purchased a machinery costing ₹ 90,000 on 1st July, 2016. It purchased further machinery on 1st January, 2017 costing ₹ 60,000 and on 1st October, 2017 costing ₹ 30,000.
- On 1st April, 2018 one-third of the machinery which was installed on 1st July, 2016 became obsolete and was sold for ₹ 9,000.

(4)

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Show how the Machinery Account would appear for three years ended 31st March, 2019 in the books of company it being given that machinery was depreciated by the Straight Line Method at 10% P.A.

(CO2)

- (c) Explore the various material variances in detail along with their interpretation. (CO2)

3. (a) Explain with examples the cost classification based on various bases.

(CO3)

- (b) Prepare a Flexible budget for 80% capacity level on the basis of the following data. Following are the overhead rates at 60% capacity :

(CO3)

Variable overheads :

At 60%  
capacity  
(₹)

Indirect Material 6,000

Labor 18,000

Semi-variable overheads :

Electricity (40% Fixed and 60 variable) 30,000

Repairs (80% fixed and 20% variable) 3,000

(5)

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Fixed overheads :

Depreciation 16,500

Insurance 4,500

- (c) Calculate Prime Cost and Factory Cost from the following particulars : (CO3)

₹

Material consumed 60,000

Productive wages 20,000

Direct Expenses 5,000

Consumable stores 2,000

Oil grease/Lubricating 500

Salary of a factory manager 6,000

Unproductive wages 1,000

Factory rent 2,000

Repair and Depreciation on  
Machine 600

4. (a) Evaluate the budgetary control process along with merits and demerits of budgetary control process. (CO4)

- (b) What do you mean by Break-even point ? And what are the assumptions of break-

P. T. O.

even point (BEP) ? Justify it with the help of a graph. (CO4)

(c) The XYZ Ltd furnishes the following data :

Year	Sales	Variable Cost	Fixed Cost
2017	15,00,000	5,00,000	10,00,000
2018	22,50,000	8,00,000	10,00,000

Calculate and estimate the following :

(CO4)

(i) P/V Ratio

(ii) B. E. P.

(iii) Profit in both years when sales is ₹ 18,00,000

(iv) What would be required sales if profit is ₹ 5,00,000 ?

#### Section—B

5. Case Study : (20 Marks) (CO5)

The following are the Balance Sheets of J. Ltd. as at March 31, 2014 and 2015 :

(a) Prepare a comparative Balance Sheet.

(b) Calculate liquidity ratios and interpret them.

(₹)	March 31, 2014	March 31, 2015
<b>I. Equity and Liabilities :</b>		
1. Shareholders' Funds :		
(a) Share Capital	20,00,000	15,00,000
(b) Reserve and Surplus	3,00,000	4,00,000
2. Non-current Liabilities :		
Long-term borrowings	9,00,000	6,00,000
3. Current Liabilities :		
Trade payables	3,00,000	2,00,000
<b>Total</b>	<b>35,00,000</b>	<b>27,00,000</b>
<b>II. Assets :</b>		
1. Non-current Assets :		
(a) Fixed Assets		
Tangible Assets	20,00,000	15,00,000
Intangible Assets	9,00,000	6,00,000
2. Current Assets		
Inventories	3,00,000	4,00,000
Cash and cash equivalents	3,00,000	2,00,000
<b>Total</b>	<b>35,00,000</b>	<b>27,00,000</b>