I Semester M.B.A. Examination, June/July 2024
(CBCS) (2014 – 15 and Onwards) (Repeaters)
MANAGEMENT
Paper – 1.3 : Accounting for Managers

Time : 3 Hours Max. Marks : 70

SECTION – A

Answer **any five** of the following. **Each** question carries **5** marks. **(5×5=25)**

1. Explain the role and importance of marginal costing in efficient cost management.

2. Write short notes on classification of liabilities.

3. Explain the role of forensic accounting in detecting fraud and unethical practices in preparing financial statements.

4. P Ltd. whose accounting year is the financial year, purchased on 1st July, 2013 machinery costing Rs. 45,000. It purchased further machinery on 1st January, 2014 costing Rs. 30,000 and on 1st October 2014 costing Rs. 15,000. On 1st April, 2016 one third of the machinery installed on 1st July, 2013 became obsolete and was sold for Rs. 4,500. Show how machinery account would appear in the books of the Company, it being that machinery was depreciated by fixed installment method at 10% p.a.

5. The YP trading company discloses the following information for the month of February 2016. Prepare Stores Ledger under FIFO method.
   - Feb. 01 : Opening Stock, 600 units @ Rs. 5 each.
   - Feb. 05 : Issued 400 units.
   - Feb. 10 : Purchased 1,600 units @ Rs. 6 each.
   - Feb. 14 : Issued 1,000 units.
   - Feb. 18 : Stock verification revealed that there is a weight loss of 150 units.
   - Feb. 20 : Purchased 1,000 units @ Rs. 6.50 each.
   - Feb. 25: Returned to store 50 units which were taken on Feb. 14.
   - Feb. 28 : Issued 600 units.

P.T.O.

6. The expenses budgeted for production of 1,000 units in a factory are furnished below :

Particulars	**Per Unit Rs.**
Material cost	700
Labour cost	250
Variable overheads	200
Selling expenses (20% fixed)	130
Administrative expenses (Rs. 2,00,000)	200
Total Cost	**1,480**

Prepare a budget for production of 600 units and 800 units assuming administrative expenses are rigid for all level of production.

7. An analysis of cost of Sullivan manufacturing company led to the following information :

Cost Elements	**Variable Costs (Percentage of Sales)**	**Fixed Costs Rs.**
Direct Materials	32.8	–
Direct Labour	28.4	–
Factory Overheads	12.6	1,89,900
Distribution Expenses	4.1	58,400
General and Administration Expenses	1.1	66,700
	79.0	

Budgeted sales for the next year are Rs. 18,50,000.

You are required to determine :

i) the break-even sales volume

ii) the profit at the budgeted sales volume

iii) the profit, if actual sales – (a) drop by 10%. (b) increase by 5% from budgeted sales.

SECTION – B

Answer **any three** questions from the following. **Each** question carries **10** marks. **(3×10=30)**

8. Explain the role and importance of Accounting concepts and conventions in preparing the various financial statements in a reliable manner.

9. Write a short note on :

a) IFRS

b) Life Cycle Costing.

SECTION – C

Compulsory – Case Study. **(1×15=15)**

12. Following are the Balances of ABC Ltd. as on 31st March, 2016.

Debit	**Amount (Rs.)**	**Credit**	**Amount (Rs.)**
Premises	30,72,000	Equity Share Capital	40,00,000
Plant	33,00,000	12% Debentures	30,00,000
Stock	7,50,000	Surplus Account	2,63,000
Debtors	8,70,000	Bills Payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Bank	4,52,000	General Reserve	2,50,000
Land and Buildings	2,00,000	Sales	41,50,000
Calls in Arrears	75,000	Bad Debts Provision	35,000
Interim dividend paid	6,00,000	Returns	5,000
Returns	20,000	Public Deposits	2,22,000
Rent, Rates, Insurance and Taxes	2,000	Discount	5,000
Discount	7,000		
Carriage Inwards	3,000		
Purchases	18,50,000		
Wages	7,71,000		
General Expenses	74,000		
Salaries	2,03,000		
Bad Debts	21,000		
Debenture Interest paid	1,80,000		**1,27,00,000**
	1,27,00,000		

Additional Information :

i) Depreciate plant by 10% and fixtures by 5%.

ii) Half year debenture interest is due.

iii) Rs. 15,000 were further bad and also create 5% provision on Debtors for doubtful debts.

iv) Provision for Income Tax @ 35%.

v) Stock on 31st March 2016 was Rs. 12,00,000.

vi) Proposed dividend declared by the company is 12%.

vii) Transfer 1,50,000 to General Reserve.

Prepare statement of Profit and Loss and Balance Sheet as per schedule and comment on the financial position of the company.