



I Semester M.B.A. Degree Examination, July 2022  
(CBCS) (Repeaters) (2014 – 15 and Onwards)

MANAGEMENT

Paper – 1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

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

1. Who are the users of accounting information and briefly state their informational needs ?
2. What is window dressing of financial statements ? Explain its motives.
3. Explain the classification of costs on the basis of behaviour.
4. What is depreciation ? Discuss the factors influencing depreciation.

5. From the following data calculate P.V. Ratio and Break-Even Point in terms of sales value

Budgeted output in (units) 70,000

Fixed cost Rs. 8,00,000

Selling price per unit Rs. 44

Variable cost per unit Rs. 24

If the selling price is reduced to Rs. 40 per unit, what will be revised break-even point ?

6. Prepare stores ledger under First In-First Out method.

1<sup>st</sup> April 2020 opening balance 200 units @ Rs. 25 per unit

Receipts :

4<sup>th</sup> April, 2020 : 200 units @ Rs. 22 per unit

10<sup>th</sup> April 2020 : 150 units @ Rs. 21 per unit

20<sup>th</sup> April, 2020 : 100 units @ Rs. 20 per unit

Issues :

7<sup>th</sup> April 2020 : 250 units

15<sup>th</sup> April 2020 : 200 units

27<sup>th</sup> April 2020 : 250 units



7. Prepare flexible budget for 7000 units from following information :

10000 units per unit cost (Rs.)

Direct material	60
Direct labour	30
Variable overheads	20
Fixed overheads (Rs. 1,60,000)	16
Selling expenses	15 (50% fixed)
Administration expenses	10 (20% variable)

### SECTION – B

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

8. Explain the various concepts and conventions underlying in the preparation of financial statements.
9. Discuss the different methods of financial statement analysis.
10. The following Balance Sheet and the sub-joined information is given :

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share capital	4,00,000	Buildings	2,40,000
Reserves and surplus	1,16,000	Plant	3,00,000
Debentures	2,00,000	Stock	1,60,000
Creditors	80,000	Debtors	90,000
Bills payable	40,000	Bills receivable	16,000
Outstanding wages	4,000	Cash	34,000
	<b>8,40,000</b>		<b>8,40,000</b>

Sales (credit for the year)	8,00,000
Gross profit	3,20,000
Net profit	1,60,000

Calculate :

- a) Current ratio
- b) Liquid ratio
- c) Inventory turnover ratio
- d) Debtors turnover ratio



- e) Net profit ratio
  - f) Average collection period
  - g) Fixed assets turnover ratio
  - h) Owned funds to liabilities ratio
11. The following details are provided for machinery owned by ABC Ltd.
- Cost of machine 1,56,00,000  
Expected useful life 5 years  
Estimated realizable value 7,80,000
- a) Determine the rate of depreciation as per Straight Line Method.
  - b) Determine the annual depreciation and accumulated depreciation for all the years under SLM.
  - c) Show the disclosure of machine in the balance for all the years.
  - d) State the accounting policy adopted by the company.

## SECTION – C

(1×15=15)

12. Case study **compulsory** :

The following is the Trial Balance of Venkateshwara Ltd. as on 31-3-2020 :

	Debit	Credit
	Rs.	Rs.
Equity share capital (2,00,000 shares) of Rs. 10 each	—	20,00,000
Stock on 1 <sup>st</sup> April 1-4-2019	15,00,000	—
Sales	—	70,00,000
Purchases	49,00,000	—
Wages	10,00,000	—
Discounts	1,40,000	1,00,000
Salaries	1,50,000	—
Rent	99,000	—
General expenses including insurance	3,50,000	—
Profit and Loss Account on 1 <sup>st</sup> April 2019	—	3,00,600





Dividends paid	1,80,000	—
Bad debts	96,600	—
General reserve	—	3,10,000
Cash in hand and at bank	3,24,000	—
Sundry debtors and creditors	7,50,000	3,59,000
Plant and machinery	5,80,000	—
	<b>1,00,69,600</b>	<b>1,00,69,600</b>

You are required to prepare a statement of profit and loss and a Balance Sheet for year ending 31<sup>st</sup> March 2020 as per the revised Schedule VI of the Companies Act after taking in to consideration the following adjustments.

- a) Closing stock Rs. 16,40,000
- b) Depreciate machinery @ 15% p.a.
- c) One month rent at Rs. 1,08,000 p.a. was due on 31<sup>st</sup> March 2020
- d) Six months insurance was unexpired Rs. 7,500
- e) Directors want to provide
  - i) 10% final dividend
  - ii) Income tax Rs. 60,000
  - iii) Reserve fund Rs. 50,000.