



PG – 705

**I Semester M.B.A. (Day and Eve.) Examination, June/July 2024
(CBCS) (2021 – 22)**

MANAGEMENT

Paper – 1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** questions. **Each** question carries **5** marks.

(5×5=25)

1. What is GAAP ? Explain the need for GAAP.
2. What is Window Dressing ? Explain the motives of Window Dressing Financial Statements.
3. Discuss in brief the various methods of classification of costs.
4. The budgeted expenses of 10,000 units of production are :

	Rs.
Direct materials	120
Direct labour	60
Variable overheads	40
Fixed overheads (Rs. 3,20,000)	32
Selling expenses (20% fixed)	30
Administration expenses (40% fixed)	20
Total Cost	302

Prepare flexible budget for 6000 units and 8000 units.

5. The following information is given below :

	Sales Rs.	Profit Rs.
Period 1	1,00,000	20,000
Period 2	1,50,000	40,000

You are required to calculate :

- i) P/V ratio;
- ii) Fixed cost;
- iii) Break-even sales volume;
- iv) Sales to earn a profit of Rs. 6,000.

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6. The following information has been obtained from the records of ABC Limited for the year 2023.

	Rs.
Cost of raw materials in stock as on 1 st March 2023	30,000
Raw materials purchased during the month	4,50,000
Wages paid	2,00,000
Wages outstanding	30,000
Factory overheads	92,000
Raw material in stock on 31 st March 2023	25,000
Work-in-progress on 1 st March 2023	12,000
Work-in-progress on 31 st March 2023	15,000
Opening stock of finished goods	60,000
Closing stock of finished goods	55,000
Selling and distribution overheads	20,000
Sales	9,00,000
Administrative overheads	30,000

You are required to prepare a statement showing the cost of goods manufactured and cost of goods sold.

7. The net profit of the company before tax is Rs. 20,00,000 as on 31st March 2023 after considering the following :

	Rs.
Depreciation on fixed assets	1,00,000
Goodwill return	30,000
Loss on sale of machine	24,000
Tax paid	83,000

The current assets and current liabilities of the company in the beginning and at the end of the year were as follows :

	31-03-2022	31-03-2023
	Rs.	Rs.
Accounts receivable	1,00,000	62,000
Accounts payable	40,000	50,000
Stock in hand	60,000	56,000
Creditors	60,000	30,000
Outstanding expenses	30,000	20,000

Calculate cash flow from operating activities by Indirect method.



SECTION – B

Answer **any three** questions. **Each** question carries **10** marks.

(3×10=30)

8. Discuss the concepts and conventions underlined in the preparation of financial statements.
9. Write a short notes on :
 - a) International Financial Reporting Standards.
 - b) Responsibility Accounting.
10. The following is the Balance Sheet of XYZ Ltd. as on 31st March 2023.

Liabilities	Rs.	Assets	Rs.
Equity share capital	4,00,000	Goodwill	2,00,000
Reserve fund	2,80,000	Land and building	4,00,000
8% debentures	5,58,000	Plant and machinery	3,50,000
Sundry creditors	70,000	Stock	2,50,000
Bills payable	35,000	Sundry debtors	80,000
Bank overdraft	60,000	Bills receivable	1,10,000
Outstanding expenses	35,000	Cash balance	30,000
		Prepaid expenses	18,000
Total	14,38,000	Total	14,38,000

Sales 6,00,000 and cost of goods sold 3,80,000.

From the above information calculate :

- a) Current ratio
 - b) Liquid ratio
 - c) Inventory turnover ratio
 - d) Debtors turnover ratio
 - e) Working capital turnover ratio
 - f) Gross profit ratio.
11. Following Balance Sheets of XYZ Co. Ltd. for the years 2022 and 2023 are available. Prepare a cash flow statement by Indirect method.

Liabilities	(Rs. in Thousands)		Assets	(Rs. in Thousands)	
	2022	2023		2022	2023
Share capital	150	225	Land	150	150
Securities premium	–	7.5	Plant	156	150
General reserve	75	90	Furniture	10.5	13.5
P & L A/c	15	25.5	Investment	90	120
6% debentures	105	75	Debtors	45	105
Provision for depn. on plant	75	84	Stock	90	97.5
Depn. on furniture	7.5	9	Cash	45	67.5
Tax payable	30	45			
Sundry creditors	129	142.5			
	586.5	703.5		586.5	703.5

**Additional information :**

- a) Plant purchase for Rs. 6,000 (depreciated value Rs. 3,000 was sold for cash Rs. 1,200 on 30th September.
- b) On 29th June furniture was purchased for Rs. 3,000.
- c) Depreciation on plant 8% , Depreciation on furniture 12.5% on average cost.
- d) Dividend 22.5% on original share capital.

SECTION – C**12. Compulsory question :****15**

The following is the Trial Balance of Venkateshwara Ltd. as at 31-03-2023.

	Debit Rs.	Credit Rs.
Stock on 1 st April 2022	7,50,000	—
Sales	—	35,00,000
Purchases	24,50,000	—
Wages	5,00,000	—
Discounts	70,000	50,000
Salaries	75,000	—
Rent	49,500	—
General expenses including insurance	1,75,000	—
Profit and Loss Account on 1 st April 2022	—	1,50,300
Dividends paid	90,000	—
Bad debts	48,300	—
General reserve	—	1,55,000
Cash in hand and at bank	1,62,000	—
Authorized capital and issued capital (fully subscribed) (1,00,000 shares of Rs. 10 each)	—	10,00,000
Sundry debtors and creditors	3,75,000	1,79,500
Plant and machinery	2,90,000	—
Total	50,34,800	50,34,800

You are required to prepare a statement of Profit and Loss and a Balance Sheet for the year ended 31st March, 2023 as per the Revised Schedule VI of the Companies' Act.

- a) Closing stock Rs. 8,20,000.
- b) Depreciate machinery at 15% p.a.
- c) One month's rent at Rs. 54,000 p.a. was due on 31st March 2023.
- d) Six months insurance was unexpired Rs. 3,750.
- e) The director proposed a dividend of 8%.