OR iii. Saraswati Ltd. purchased machinery costing Rs. 10,00,000 on January 01, 2011. The company purchased a new piece of machinery on May 01, 2012, for Rs. 15,00,000 and another on July 01, 2014, for Rs. 12,00,000. Part of the machinery, which originally cost Rs. 2,00,000 in 2011, was sold for Rs. 75,000 on October 31, 2014. Prepare the machinery account from 2011 to 2015 if depreciation is charged at 10% p.a. on written down value and the account is closed on December 31, every year. **8**

Q.5 i. Differentiate between cost accounting and financial accounting. **2**

ii. Elaborate the different kinds of Costs. **8**

OR iii. From the following data, you are required to calculate: **8**

(a) P/V ratio
(b) Break-even sales with the help of P/V ratio.
(c) Sales required to earn a profit of Rs. 4,50,000

Fixed expenses = Rs. 90,000
Variable cost per unit:
Direct material = Rs. 5
Direct labour = Rs. 2
Direct overheads = 100% of Direct Labour
Selling price per unit = Rs. 12.

Q.6 i. "Management Accounting is nothing more than the use of financial information for management purposes." Explain this statement. **2**

ii. What is management accounting? Elaborate the tools and techniques used in management accounting? **8**

OR iii. From the following information calculate: **8**

(a) Gross profit ratio (b) Current ratio
(c) Liquid ratio (d) Net profit ratio

Revenue from operations- ₹ 25,20,000
Net profit-₹ 3,60,000
Cost of revenue from operations- ₹ 19,20,000
Long-term debts- ₹ 9,00,000
Trade payables- ₹ 2,00,000
Average inventory-₹ 8,00,000
Liquid assets- ₹ 7,60,000
Fixed assets- ₹ 14,40,000
Current liabilities- ₹ 6,00,000
Net profit before interest and tax- ₹ 8,00,000

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Total No. of Questions: 6 *Total No. of Printed Pages:4*

Enrollment No......................................

Faculty of Management Studies
End Sem Examination Dec-2023
MS5CO20 Accounting for Managers

Programme: MBA Branch/Specialisation: Management

Duration: 3 Hrs. **Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

Q.1 i. ________ is the language of business which used to communicate financial information. **1**
(a) Accounting (b) Marketing (c) Profit (d) Pricing

ii. Financial accountancy is governed by _______. **1**
(a) Local standards only
(b) International standards
(c) Local as well as international accounting standards
(d) Company's internal top management only

iii. ______ explain the financial position of the reporting entity at the end of the accounting period. **1**
(a) Balance sheet (b) Income statement
(c) Ledger (d) Notes & schedules

iv. Trademark, Copyrights & Patents are _______ assets. **1**
(a) Intangible (b) Fixed (c) Current (d) Tangible

v. Depreciation is generated due to- **1**
(a) Increase in the value of liability (b) Decrease in capital
(c) Wear and tear (d) Decrease in the value of assets

vi. What is the purpose of making a provision for depreciation in the accounts? **1**
(a) To charge the cost of fixed assets against profits
(b) To show the current market value of fixed asset
(c) To make cash available to replace fixed assets
(d) To make a provision for repairs

vii. What's the primary basis of the concept of cost? **1**
(a) Financial audit (b) Tax compliance
(c) Cost estimation (d) Analysis of profit

viii. Salary paid to permanent employees is an example of what cost? **1**
(a) Implicit cost (b) Variable cost (c) Fixed cost (d) Explicit cost

ix. The purpose of management accounting is to- **1**
(a) Help banks make decisions (b) Past orientation
(c) Help investors make decision (d) Help managers make decisions

x. In management accounting, an emphasis and focus must be- **1**
(a) Past oriented
(b) Future oriented
(c) Bank oriented
(d) Communication oriented

Q.2 i. Write any two limitations of accounting. **2**

ii. What is accounting? Explain any six concepts and two conventions of accounting. **8**

OR iii. On April 01, 2016, Ashish started business with Rs. 100,000 and other transactions for the month are: **8**
April 2. Purchase Furniture for Cash Rs. 7,000.
April 8. Purchase Goods for Cash Rs. 2,000 and for Credit Rs. 1,000 from Kanha Retail Store.
April 14. Sold Goods to Kashish Brothers Rs. 12,000 and Cash Sales Rs. 5,000.
April 20. Purchased from Kalash goods of list price of Rs. 6,000 subjects to 10% trade discount, payment made by cash.
April 26. Received Rs. 10,000 from Kashish Brothers.
April 28. Distributed goods worth Rs. 200 as free samples and goods taken away by the proprietor for personal use Rs. 100.
April 30. Paid Salaries Expense Rs. 2,000; Received discount Rs 20 and Commission Rs 500.
Prepare general journal entries for the above transactions.

Q.3 i. Prepare Trial Balance as on 31.03.2012 from the following balances of Ms. Mahendra Brothers: **2**
Drawings Rs. 74,800; Purchases Rs. 295,700; Stock (1.04.2021) Rs. 30,000; Bills receivable Rs. 52,500; Capital Rs. 250,000; Furniture Rs. 33,000; Discount allowed Rs. 950; Sales Rs. 335,350; Rent Rs. 72,500; Freight Rs. 3,500; Printing charges Rs. 1,500; Sundry creditors 75,000; Insurance Rs. 2,700; Sundry expenses Rs. 21,000; Discount received Rs. 1,000; Bank loan Rs. 120,000; Stock (31.03.2022) Rs. 17,000; Income tax Rs. 9,500; Machinery Rs. 215,400; Bills payable Rs. 31,700.

ii. What are the components of final accounts? Elaborate. Explain the adjustments related to depreciation, closing stock, prepaid & outstanding expenses, and accrued income with examples. **8**

OR iii. Prepare a trading and profit and loss account for the year ending March 31, 2017. from the balances extracted of M/s Rahul Sons. Also prepare a balance sheet at the end of the year. **8**

Account Title	Amount (Rs.)
Stock	50,000
Sales	1,80,000
Wages	3,000
Purchases Return	2,000
Salary	8,000
Discount Received	500
Purchases	1,75,000
Provision for doubtful debts	2,500
Sales Return	3,000
Capital	3,00,000
Sundry Debtors	82,000
Bills Payable	22,000
Discount Allowed	1,000
Commission Received	4,000
Insurance	3,200
Rent	6,000
Rent, Rates and Taxes	4,300
Loan	34,800
Fixtures and Fittings	20,000
Trade Expenses	1,500
Bad Debts	2,000
Drawings	32,000
Repairs and Renewals	1,600
Travelling Expenses	4,200
Postage	300
Telegram expenses	200
Legal fees	500
Bills Receivable	50,000
Building	1,10,000

Adjustments:
(a) Commission received in advance ₹ 1,000.
(b) Rent receivable ₹ 2,000.
(c) Salary outstanding ₹ 1,000 and insurance prepaid ₹ 800.
(d) Further bad debts ₹ 1,000 and provision for doubtful debts @ 5% on debtors.
(e) Closing stock ₹ 32,000.
(f) Depreciation on building @ 6% p.a.

Q.4 i. Explain any two causes of depreciation. **2**

ii. The company purchased a plant on July 01, 2015, at the cost of ₹ 3 00,000; it spent an additional ₹ 50,000 on the installation. **8**
The depreciation is charged at 15% p.a. based on the straight-line method. The plant was then sold for ₹ 1,50,000 on October 01, 2017. A new plant was installed on the same date amounting to ₹ 4,00,000 including purchasing value. The accounts for the business are closed on December 31 yearly.
You are to show the machinery account for three years.

Scheme of Marking

MEDI-CAPS UNIVERSITY Knowledge is Power	Faculty of Management Studies End Sem Examination Dec-2023 Accounting for Managers (T) - MS5CO20 (T)
	Programme: MBA | Branch/Specialisation:

Note: The Paper Setter should provide the answer wise splitting of the marks in the scheme below.

Q.1	i)	A	1
	ii)	C	1
	iii)	A	1
	iv)	A	1
	v)	C	1
	vi)	A	1
	vii)	C	1
	viii)	C	1
	ix)	D	1
	x)	B	1
Q.2	i.	2 limitations (1X2) = 2	
	ii.	~~Definition (2 Marks), 1/2 for concept~~	
	iii.	according to the Soloution	8
OR	iv.	~~as 4~~	
Q.3	i.	Total 813050	
	ii.		
OR	iii.	Trading GL 17000, P&L NL = 43189, B/S = 283611	
Q.4	i.	2 causes of dep (1X2=2)	
	ii.	Plant A/c By Bal cld 3rd yr = 858000, Prov for Dep 3rd yr 15%X3 months = 15000	
OR	iii.	as per Soloution.	
Q.5	i.	P/V Ratio = 25%, Break even sales = 360000 or sales require to earn profit 450000 = 2160000	
	ii.		
OR	iii.	as per the Soloution	

Q.6			
	i.	Two differences (1X2=2)	
	ii.	according to the explanation	8
	iii.	GP = 23.8%, inventory turnover = 2.4 times	

Liquidity Ratio = 1.27:1

CR = 2.6:1

NP = 14.21%

WCR = 2.625 times

******

Q2 ii) Definition (2 marks)

Six concepts $(1/2 \times 6 = 3)$

Two conventions $(1.5 \times 2) = 3$

8 marks.

Q3 ii) Components of final accounts 2 marks

each adjustments $(1.5 \times 4 = 6)$

8 marks

Q.4 (ii)

Machinery A/c 31 Dec.

July 1 2015	To Bank 300000 + 5000	3,50,000	31Dec15	By Dep	~~262~~ 26250
				By Balance	323750
		350000			350000
Jan 1 2016	To Balance.	3,23,750	31Dec2016	By Dep.	52500
				By Bal.	271250
		323750			323750
Jan 1 2017	To Bal	271250.	Oct 1 2017	By ~~Bank~~ Dep	39375
				By Bank	150000
1 Oct 2017	To Bank	400000		By P&Loss	81875
			31Dec	By Dep.	15000
				By Bal (M2)	385000
		400000			400000

Q. 4
(ii)

Machinery A/c Saraswati Ltd

Jan (1) 2011	To Bank (A)	10,00,000	31 Dec 2011	By Dep (A)	100 000
				By Balance (A)	900 000
					10 00 000
~~May (1)~~					
		10 00 000			
May 1 2012	To Bank (B)	15 00 000	31 Dec 2011	By Dep (A)	90 000
				By Dep (B)	100 000
				By Bal. (A)	810 000
				By Bal (B)	14 00 000
					15 00 000
		15 00 000			
1 Jan 2013	To Bal (A)	8 10 000	31 Dec 2013	By Dep	81 000
	(B)	14 00 000		(A)	140 000
				By Bal (A)	729,000
				(B)	12,60,000
		22 10 000			22 10 000
1 Jan 2014	To Bal	729 000			
		12 60 000	31 Oct 2014		
				By Bal (A)	1458_00
July 1 (14)	To Bank	12 00 000			12150
			31 Oct 14	By ~~Bank~~	75000
				By Loss	58650

Q-6 (iii)

~~Price = 12~~

Net Profit Ratio

$NPR = \frac{360000}{2520000} \times 100 = 14.29\%$

Gross Profit Ratio

$GPR = \frac{800000}{2520000} \times 100 = 32\%$

Current Ratio

$CR = \frac{\cancel{1600000}}{} \frac{16,00000 + 760000}{600000} = \frac{2360000}{600000}$

$= 3.93\%$

Quick Ratio

$QR = \frac{760000}{600000} = 1.27\%$

Note: Avg Inventory = 800000 so Total Inventory = 1600000

Q5 (iii)

PV Ratio $= \frac{C}{S} \times 100$

$C = S - VC$

$3 = 12 - 9 = 3$

(a) PV Ratio $= \frac{3}{12} \times 100 = 40\%$

(b) $BEP = \frac{FC}{PV\ Ratio} = \frac{900000}{0.4}$

$BEP = 2250000$

(c) Sales Required to earn profit of Rs 4500000

$\frac{FC + DP}{PV\ Ratio}$

Desired Profit $= \frac{FC + DP}{PV\ Ratio}$

$= \frac{900000 + 4500000}{40\%}$

$= \frac{5,40,000}{40} \times 100$

Desired Profit to earn Profit 4500000 $= 13,50,000$