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I Semester M.B.A. (Day / Evening) Degree Examination, May/June - 2025

MANAGEMENT
Managerial Accounting
(CBCS 2019 Scheme)
Paper : 1.2

**Time : 3 Hours****Maximum Marks : 70****SECTION - A**

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

1. Explain the main purposes and objectives of accounting information in business decision -making.
2. What is inflation accounting? Why is it important in financial reporting?
3. Explain the role of financial ratios in analysing financial statements.
4. On 1st April, 2020, Excellent Limited purchased a plant for Rs. 10,00,000. On 1st October, 2020, an additional plant purchased costing Rs. 5,00,000. On 1st October 2021, the plant purchased on 1st April, 2020 was sold off Rs. 4,00,000. On 1st October, 2022, a new plant was purchased for Rs. 12,00,000 and the plant purchased on 1st October, 2020 was sold for Rs. 4,20,000 on the same date.

Depreciation is to be provided at 10% per annum on the Written down value on 31st March every year. Prepare Plant account for the three years ended 31st March, 2023.

5. Assuming that the cost structure and selling price remain the same in periods I and II, find out : (a) profit volume ratio ; (b) Fixed cost; (c) Break even point for sales; (d) Profit when sales are of Rs. 1,00,000 ; (e) Sales required to earn a profit of Rs. 20,000; and (f) Margin of safety at a profit of Rs. 15,000.

Period	Sales (Rs.)	Profit (Rs.)
I	1,40,000	12,000
II	1,60,000	16,000

6. Show the Accounting Equation on the basis of the following transaction :

a)	Das commenced business with cash	Rs. 30,000
b)	He purchased goods on credit	Rs. 7,000
c)	Purchased furniture for cash	Rs. 3,000
d)	He sold goods for cash (costing Rs. 3000)	Rs. 6,000
e)	Paid salaries	Rs. 2,000
f)	Sold goods to Krishna on credit (costing Rs. 1000) for	Rs. 2,000

[P.T.O.]



- g) Received Cash from Krishna Rs. 2,000
h) Withdrew cash for Private use Rs. 1,500
i) Received Rent Rs. 3,000
j) Purchased goods from Ravi for cash Rs. 1,000
7. With the following data for a 60% activity prepare a flexible budget for production at 80% and 100% activity.
Production at 60% activity - 600 units.

	Rs.
Materials	100 per unit
Labor	40 per unit
Expenses	10 per unit
Factory expenses	Rs. 40,000 (40% fixed)
Administration expenses	Rs. 30,000 (60% fixed).

SECTION - B

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

8. What is Human Resource Accounting (HRA)? Discuss the different methods used for valuing human resources in an organization.
9. From the following information, Prepare the balance sheet XYZ co. Ltd. Showing the details of working: Paid - up capital Rs. 50,000; Plant and machinery Rs. 1,25,000; Total sales (annual) Rs. 5,00,000; Gross profit margin 25%; Annual credit sales 80% of net sales; Current Ratio 2; Inventory turnover 4; Fixed asset Turnover 2; Sales Returns 20% of sales; Average collection period 73 days; Bank credit to trade credit 2; Cash to/inventory 1:15; Total debt to current liabilities 3.
10. The summarized balance sheet of Prakash Ltd. as on 31st March 2023 and 2024 are given below:

Particulars	31 st March 2023 (Rs.)	31 st March 2024 (Rs.)
Liabilities		
Equity share capital	4,50,000	4,50,000
General Reserve	3,00,000	3,10,000
Profit and loss A/C	56,000	68,000
Creditors	1,68,000	1,34,000
Provision for taxation	75,000	10,000
Mortgage Loan	-----	2,70,000
Total	<u>10,49,000</u>	<u>12,42,000</u>

**Assets**

Fixed Assets	4,00,000	3,20,000
Investments	50,000	60,000
Stock	2,40,000	2,10,000
Debtors	2,10,000	4,55,000
Bank	1,49,000	1,97,000
Total	<u>10,49,000</u>	<u>12,42,000</u>

Additional information :

- Investments costing Rs. 8,000 were sold during the year 2023-24 for Rs. 8,500.
- Provision for tax made during the year Rs. 9,000.
- During the year, the part of fixed asset costing Rs. 10,000 was sold for Rs. 12,000 and the profit included in the profit and loss account.
- Dividend paid during the year amounted to Rs. 40,000.

You are required to prepare a cash flow statement.

11. The balance sheet of Arya Ltd. on March 31, 2020 is given below.

Sources of Funds**Amount (Rs.)****1. Equity and Liabilities :**

Shareholders's funds	8,99,200
Reserves and surplus	<u>3,48,000</u>
	12,47,200

2. Non - current Liabilities

Long term borrowings	3,10,800
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3. Current Liabilities

Sundry creditors	1,60,000
Other current liabilities	60,000
Short term provisions	<u>1,02,400</u>
Total of equity liabilities	<u>18,80,400</u>

Application of Funds**Amount (Rs.)****Non - current Assets****1. Fixed Assets :**

Tangible assets	10,00,000
Intangible assets	<u>20,640</u>
Total fixed assets	<u>10,20,640</u>

[P.T.O.]



2. Current Assets :

Inventories	2,80,000
Trade Receivables	2,40,000
Cash and cash Equivalent	3,05,600
Short term loans and advances	34,160
Total current assets	<u>8,59,760</u>
Total of all assets	18,80,400

Interpret the financial performance/position of the company by reading the balance sheet, as a financial expert.

SECTION - C
(Case Study)

12. Answer the following (Compulsory).

(1×15=15)

Following is the trial balance of ABC Ltd as at 31st March 2020.

Debit Balances	Amount Rs.	Credit Balances	Amount Rs.
Opening stock	1,50,000	Equity share capital	5,00,000
Purchases	3,80,000	Purchase Return	10,000
Wages	60,000	Sales	11,50,000
Carriages	2,000	Discount	6,300
Furniture	25,000	Surplus Account	1,70,000
Salaries	12,000	Sundry Creditors	33,700
Rent	15,000	General Reserves	82,000
Trade Expenses	11,000	Bills payables	13,000
Sundry Debtors	54,000	Provision for Doubtful debts	3,000
Plant and machinery	12,00,000		
Cash at bank	21,500		
Patents	9,000		
Bills Receivables	14,000		
Bad debts	6,500		
Discount allowed	8,000		
Total	<u>19,68,000</u>	Total	<u>19,68,000</u>

Additional Information.

- Stock on 31st March 2020 Rs. 2,00,000.
- Depreciate plant and machinery at 12%, furniture at 10% and patents at 20%.
- Further bad debts amounted to Rs. 4,000. Provide 5% on debtors for Bad debts.
- Provide for income tax at 35%.

Prepare final account as per schedule III of companies Act, 2013.