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CBCS SCHEME

USN

20MBA13

First Semester MBA Degree Examination, June/July 2023
Accounting for Managers

Time: 3 hrs. Max. Marks:100

Note: 1. ***Answer any FOUR full questions from Q.No.1 to Q.No.7.***
2. *Question No. 8 is compulsory.*

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

1 a. What are three types of Accounts and its guidelines? **(03 Marks)**
b. Briefly explain the accounting concepts with examples. **(07 Marks)**
c. Journalize the following transaction pertaining to July, 2020.

July 1 Bijoy started a business with Rs.50,000
2 Paid into bank Rs. 40,000
4 Bought goods for cash Rs.5,000 for cash
12 Sold goods for cash Rs.15,000
17 Purchased goods from Uday Rs.7,000
18 Sold goods to Vikas Rs.10,000
25 Withdrawn from the banl for personal use Rs.5,000
30 Paid salaries to staff Rs.8,000
30 Received from Vikas Rs.9,000 and the remaining cannot be recovered due to the impact of Pandemic (bad debt). **(10 Marks)**

2 a. What is Window Dressing? **(03 Marks)**
b. Briefly explain the Balance Sheet ratios/leverage ratio's with examples. **(07 Marks)**
c. From the following calculate trend percentages (considering 2018 as base year).

Particulars	2018 (Rs.)	2019 (Rs.)	2020 (Rs.)
Cash	2,000	2,400	1,600
Debtors	4,000	5,000	6,500
Stock	6,000	8,000	7,000
Other Current Assets	4,500	6,000	7,500
Land	8,000	10,000	10,000
Buildings	16,000	20,000	24,000
Plant	20,000	20,000	24,000

(10 Marks)

3 a. Calculate CA and CL if working capital is Rs.1,20,000 and CR = 2.5. **(03 Marks)**
b. Given the following:

Particulars	Per unit
Sales Price	10
Variable cost	6
Total fixed cost	20,000

(i) Final BEP
(ii) Margin of safety at 8000 units
(iii) Number of units to be produced to achieve a target profit of Rs.1,00,000. **(07 Marks)**

c. From the following details prepare a balance sheet as on 31st March 2016:

Current ratio – 2.5
Liquid ratio – 1.5
Proprietary ratio – 0.75
Fixed assets – Rs.1,80,000
Working capital - Rs.60,000
Reserves and surplus – Rs.40,000
Bank Over Draft – Rs.10,000
(Fixed Assets to proprietary ratio) **(10 Marks)**

4 a. Briefly explain the absolute liquidity ratio. (03 Marks)

b. Assume that a firm owner's equity is Rs.1 crore and the ratios firm are as follows:
Short term debt to total debt = 0.40
Total debt to owner's equity = 0.60
Fixed assets to owner's equity = 0.60
Total assets turnover = 2 times
Inventory turnover = 8 times
From the above information complete the following balance sheet:

Liabilities	Rs.	Assets	Rs.
Owner's equity	-	Fixed Assets	-
Long term debt	-	Inventory	-
Short term debt	-	Cash	-
Total	-	Total	-

(07 Marks)

c. Following are the liabilities and assets of Grameen Ltd. as on 31st March 2014 and 31st March 2015.

Liabilities	2014	2015	Assets	2014	2015
Share capital	4,50,000	4,50,000	Plant & Machinery	4,00,000	3,20,000
General reserve	3,00,000	3,10,000	Investments	50,000	60,000
Surplus A/C	56,000	68,000	Inventory	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provisions for taxation	75,000	10,000	Cash at bank	1,49,000	1,97,000
Mortgage loan	-	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information:
(i) Investment costing Rs.8,000 were sold during the year for Rs.8500.
(ii) Provision for taxation made during the year was Rs.9000.
(iii) During the year a part of plant and machinery casting Rs.10,000 was sold for Rs.12,000 the profit was included in surplus a/c.
(iv) Dividend paid during the year amounted to Rs.44,080.
You are required to prepare cash flow statement by indirect method. (10 Marks)

5 a. What are the significance of CVP analysis? (03 Marks)

b. There are two similar plans under the same management. The management desires to merge these two plans. The following particulars are available.

	Factory I	Factory II
Capacity (%)	100	60
Sales (Rs. lakh)	300	120
Variable cost	220	90
Fixed costs	40	20

You are required to calculate:
(i) What the break even capacity of the merged plant would be?
(ii) What the profitability on working at 75% of the merged capacity would be?
(07 Marks)

c. The Philips Company Ltd. produces most of its ratio parts in its own plant. The company is at present considering the feasibility of buying a part from an outside supplier for Rs.4.5 per part. If this were done, monthly costs would increase by Rs.1,000.
The past under consideration is manufactured in Department 1 along with numerous other parts. On account of discontinuing the production of this part, Department 1 would have somewhat reduced operations. The average monthly usage production of this part is 20,000 units. The cost of producing the part on per unit basis are as follows:

Material	Rs.1.80
Labout (half-hour)	Rs.2.40
Fixed overheads	Rs.0.80
Total costs	Rs.5.00

The company follows the practice of applying manufacturing overheads on the basis of direct labour hour. Normal production volume in department 1 is 1,50,000 hours per month and current actual production is at about the same level. Discontinuation of production of this part would cause an unfavourable volume variance of Rs.16,000 per month in this department. How would you advise the management in this regard? **(10 Marks)**

6 a. What are functional budgets? **(03 Marks)**

b. From the data given below, calculate the material price variance and the material usage variance.

Consumption per 100 units of product

Material	Standard	Actual
A	40 units @ Rs.50 per unit	50 units @ Rs.50 per unit
B	60 units at Rs.40 per unit	60 units at Rs.45 per unit

(07 Marks)

c. The expenses budgeted for production of 10,000 units is a factory are furnished below:

Particulars	Rs. per unit
Materials	5
Labour	70
Direct expenses	25
Variable overheads	20
Fixed overheads (Rs.1,00,000)	10
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administrative expenses (fixed Rs.50,000)	5
Total costs of sales per unit	155

You are required to prepare a budget for line production of 8000 units. **(10 Marks)**

7 a. What is sustainability reporting? **(03 Marks)**

b. Discuss the features and objectives of IFRS. **(07 Marks)**

c. What is Human Resource Accounting? Briefly explain any four methods of Human Resource Accounting. **(10 Marks)**

8 ***Case Study: (compulsory)***

Following are the balances of Rani Co., Ltd., as on 31.03.2020.

Debit	Rs.	Credit	Rs.
Premises	30,72,000	Share capital	40,00,000
Plant	33,00,000	12% debentures	30,00,000
Stock	7,50,000	P & L a/c	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash at bank	4,06,500	Sales	41,50,000
Calls in arrear	75,000	General reserve	2,50,000
Interim dividend paid	3,92,500	Bad debts provision	35,000
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salary	2,02,250		
Bad debts	21,100		
Debenture interest paid	1,80,000		
	1,24,67,500		1,24,67,500

Additional Information:

(i) Depreciation on plant by 15%.
(ii) Write off Rs.5000 from preliminary expenses.
(iii) Half year's debenture interest due.
(iv) Create 5% provision for doubtful debts.
(v) Provide for income tax at 50%.
(vi) Closing stock was Rs.9,50,000.
(vii) A claim of Rs.2,50,000 workmen's compensation is being disputed by the company.

Prepare a statement showing Profit and Loss Account and a statement of Balance Sheet as on 31.03.2020 in vertical format. **(20 Marks)**

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