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20MBA13

First Semester MBA Degree Examination, July/August 2022 Accounting for Managers

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q1 to Q7.

2. Question No. 8 is compulsory.

- 1 a. Distinguish between Trade Discount and Cash discount. (03 Marks)
 b. Briefly explain the objectives of HRA. (07 Marks)
 c. Calculate :
 i) BEP units and value
 ii) Sales to earn a profit of Rs. 20 per unit
 iii) Profit to reach a sales target of Rs. 25000 selling price Rs. 200p.u, variable cost Rs. 100p.u. Total Fixed cost Rs. 96,000. (10 Marks)
- 2 a. How Reserves are different from provisions? (03 Marks)
 b. How Journal is different from Ledger? (07 Marks)
 c. With the help of the following prepare balance sheet? Current Ratio = 2.5, Liquidity Ratio = 1.5, Net working capital Rs. 3,00,000
 Stock turnover Ratio (cost of sales/closing stock) 6 times
 Gross profit Ratio 20%
 Fixed asset turnover, Ratio (on cost of sales) 2 times
 Debit collection period 2 months
 Fixed assets to share holders network 0.80
 Reserve and surplus to capital 0.50 (10 Marks)
- 3 a. State the objectives of Forensic Accounting. (03 Marks)
 b. From the following particular, calculate all material
 i) MCV ii) MPV iii) MUV.
 Material SQ (Kgs) Unit Price (Rs) AQ (Kgs) Unit price (Rs)
 A 10 2 5 3
 B 20 3 10 6
 C 20 6 15 5
 50 (07 Marks)

c. The following Balance Sheets are given :

Liabilities	2020	2021	Assets	2020	2021
Equity share	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Pref	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bill Receivable	20,000	30,000
Bill Payable	20,000	10,000	Cash in hand	15,000	10,000
Prov, for Tax	40,000	50,000	Cash at bank	10,000	8,000
	<u>6,77,000</u>	<u>8,17,000</u>		<u>6,77,000</u>	<u>8,17,000</u>

It is given that :

- i) Depreciation of Rs. 20,000 on L and B and Rs. 10,000 on plant has been charged in 2021
 ii) Interm dividend of Rs. 20,000 has been paid in 2021
 iii) Income Tax Rs. 35,000 has been paid during 2021. Prepare cash flow statement as per AS -3 for the year 2021. (10 Marks)

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.

- 4 a. List the users of Accounting. (03 Marks)
 b. From the following information, interpret the results of operation of a manufacturing concern using trend ratio. Amount in Rs. Lakhs for the year ended.

Year	2018	2019	2020	2021
Net sales	100.00	95.00	120.00	130.00
Cost of Goods sold	60.00	58.00	69.60	72.80
Gross profit	40.00	36.10	50.40	57.20
Operating expenses	10.00	9.70	11.00	12.00
Net operating profit	30.00	26.40	39.40	45.20

(07 Marks)

- c. Journalize the following transaction in the books of Sanshi kumar Jan 2021
- 1st started business with 80,000
 - 05th Purchased goods with 50,000 Less 20% discount and 5% cash discount
 - 10th Bought 100 share of Bharati Ltd., @ 15 per share, brokerage paid Rs. 25
 - 15th Purchased a motor car in Exchange of goods Rs. 20,000 and cash Rs. 30,000
 - 18th sold goods to Veerappan Rs. 25,000 on credit
 - 20th Purchased goods from Rajkumar for Rs. 50,000
 - 25th Goods discount as free samples Rs. 1000
 - 28th Veerapan become insolvent and only 0 dividend of 50 paise is Recovered from his estate.
 - 30th cash of Rs. 5000 is withdrawn by proprietor for personal use
 - 31st paid into bank A/c Rs. 5000.

(10 Marks)

- 5 a. Distinguish between Book keeping and Accounting. (03 Marks)
 b. Explain the significance of sustainability Reporting. (07 Marks)
 c. Explain any 6 accounting concepts with example. (10 Marks)
- 6 a. X Ltd., has a current ratio of 3.5:1 and quick Ratio of 2:1, if excess of current assets over quick assets represented by inventory is Rs. 24,000. Calculate assets and current liabilities. (03 Marks)
 b. From the following Trial Balance (containing some error). Prepare a correct Trial Balance.

Heads of Account	Debit	Credit
Purchase	60,000	
Receive Fund	20,000	
Sales		10,000
Purchase Return	1000	
Sales Returns		2,000
Opening stock	30,000	
Closing stock		40,000
Expenses		20,000
Outstanding expenses	2,000	
Bank Balance	5,000	
Assets	50,000	
Debtors		80,000
Creditors		30,000
Capital	94,000	
Suspense A/c	10,000	

(07 Marks)

- c. What is window Dressing? State the ways of windows dressing? (10 Marks)

- 7 a. Distinguish between Budgeting and Forecasting. (03 Marks)

b. From the following information given below prepare flexible budget for 60 and 80 percent capacities and fix the total over head Rates as a percent of direct wages at these capacities.

	At 60% capacity	At 75% capacity	At 80% capacity
Variable over heads			
Indirect Material		7500	
Indirect labour		22,500	
Semi variable overheads			
Electricity (40% Fixed)		37,500	
Repair and maintenance (80% fixed)		3,750	
Fixed overhead			
Salaries		1,00,000	
Insurance		5,000	
Depreciation		25,000	

(Estimate direct wages Rs. 40,250 @ 75% capacity)

(07 Marks)

c. Allied Manufacturing company had given you the following information

Particulars	Product A (Rs.)	Product B (Rs.)
Fixed overhead Rs. 10,000 p.a		
Direct material per unit	20	25
Direct labour per unit	10	15
Variable overhead (100% of direct labour)		
Selling price per unit	60	100

You are required to present a statement showing the marginal cost of each product and recommend which of the following sales mixes should be adopted.

- i) 900 units of A and 600 units of B
- ii) 1800 units of A only
- iii) 1200 units of B only
- iv) 100 units of A and 400 units of B.

(10 Marks)

8 CASE STUDY [Compulsory]

Following are the Trial Balance of Jai Bhim and, Ltd as 2021

Debit	Rs.	Credit	Rs.
Premises	30,72,000	share capital	40,00,000
Plant	33,00,000	6% debenture	30,00,000
Stock	7,50,000	P and L A/c	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Good will	2,50,000	Creditors	4,00,000
Cash @ bank	4,81,500	Sales	4,15,000
Interim dividend paid	3,92,500	General Reserve	2,50,000
Purchases	18,50,000	Bad debts provision	35,000
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salary	2,02,250		
Bad debts	21,110		
Debenture interest paid	1,80,000		
	1,24,67,500		1,24,67,500

Additional Information :

- i) Depreciate plant by 15%
- ii) Write off Rs. 5000 from preliminary expenses
- iii) Create 5% provision for doubtful debts
- iv) Provide for income tax @ 30%
- v) Closing stock was Rs. 9,50,000

Prepare final Account as per the Company's Act 2013.

(20 Marks)