



10903

I Semester M.B.A. Examination, May/June 2023

MANAGEMENT

1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** questions, **each** carries **5** marks.

(5x5=25)

1. What is Window-dressing ?
2. What is activity based costing ?
3. Write a note on target costing.
4. What is GAAP ? Explain the need for GAAP.
5. The sales turnover and profit during two years were as follows.

Year	Sales	Profit
2020	14,000	1,500
2021	16,000	2,000

You are required to calculate :

- i) P/V Ratio
 - ii) Sales required to earn a Profit of Rs. 40,000
 - iii) Profit when sales are Rs. 12,000.
6. On 1-4-2020 ABC Ltd. purchased a machine costing Rs. 30,000 . It further purchased machinery on 1-10-2020 costing Rs. 20,000 and on 1-7-2021 costing Rs. 10,000. On 1-1-2022 one third of the machinery which was installed on 1-4-2020 became obsolete and was sold for Rs. 3,000.

Show machinery account in the books of the company. The depreciation rate is 10% p.a on WDV method.

7. The budgeted expenses for the production of 10,000 units in a factory are furnished below :

Particulars	Amount [Rs. Per unit]
Materials	70
Labor	25
Variable Overheads	20

P.T.O.



Fixed Overheads [1,00,000]	10
Direct Variable Overheads	5
Selling and Distribution Overheads [20% Fixed]	20
Administrative Expenses [50,000 rigid for all levels of Production]	5
	155

Prepare a budget for the production of 8,000 units.

SECTION – B

Answer **any three** questions, **each** carries **10** marks.

(10×3=30)

- Discuss the users of accounting information and their informational needs.
- The Expenses for Production of 10,000 units in a factory are furnished below.

Particulars	Amount [Rs. per unit]
Materials	70
Labor	25
Variable Overhead	20
Fixed Overhead	1,00,000
Direct Variable Expenses	5
Selling Expenses [10% fixed]	13
Distribution Expenses [20% fixed]	7

Prepare a budget for production of :

- 10,000 units
- 8,000 units
- 6,000 units

Show also unit and total cost at each level of productions.

- The summarized Balance Sheet of PQR Traders Ltd. for the year ended 31-3-2020 is given below :

Liabilities	Amount	Assets	Amount
Equity Share Capital	1,40,000	Fixed Assets	1,85,000
Reserve and Surplus	45,000	Stock	25,000
Profit and Loss A/c	20,000	Debtors	30,000
Provision for Taxation	10,000	Cash	15,000
Creditors	40,000		
	2,55,000		2,55,000



The following further particulars are also given below for the year :

Sales	1,20,000
EBIT	30,000
Net Profit after tax	20,000

Calculate the following ratios from the following information given by the company :

- i) Current Ratio
- ii) Liquidity Ratio
- iii) Profitability Ratio
- iv) Profitability on funds employed
- v) Debtors Turnover
- vi) Stock Turnover
- vii) Average Collection Period
- viii) Return on Equity.

11. PQR Ltd. is a company with an authorized capital of Rs. 4,00,000 divided into 4,000 equity shares of Rs. 100 each. 2,500 shares were fully paid up on 31-12- 2021. The following are the balances extracted from the books of the company as on 31-12-2021.

Particulars	Amount	Particulars	Amount
Stock	50,000	Advertisement	3,800
Sales	4,25,000	Bonus	10,500
Purchases	3,00,000	Debtors	63,700
Wages	70,000	Creditors	50,000
Discount Allowed	4,200	Plant and Machinery	80,500
Discount Received	3,150	Furniture	17,100
Insurance paid up to 31-3-2022	6,720	Cash at bank	1,49,500
Salaries	18,500	General Reserve	50,000
Rent	6,000	Loan from Managing Director	15,700
General Expenses	8,950	Bad debts	3,200
Profit and loss a/c [Cr]	6,220	Calls-in-arrears	5,000
Printing and Stationery	2,400		

You are required to prepare Profit and Loss A/c for the year ended 31-12-2021 and the balance sheet as on the date of the company. The following further information is given :

- a) Closing Stock Rs. 91,500.
- b) Depreciation to be charged on Plants and Machinery and Furniture at 20% and 10% respectively.
- c) Outstanding Liabilities : Wages Rs. 5,200; Salary Rs. 1,200 and Rent Rs. 600.
- d) Dividend at 5% on paid up share capital is to be provided.



SECTION – C

Compulsory Question.**(15×1=15)**

Case Study.

12. From the following comparative Balance Sheets of Mangalore Ships Ltd. and additional information, Prepare a Cash Flow Statement for the year 2021.

Liabilities	2020	2021	Assets	2020	2021
Share Capital	70,000	80,000	Plant and Machinery	62,000	66,000
Share Premium	9,000	11,000	Accumulated Depreciation on Plant and Machinery	[37,000]	[26,200]
Retained Earnings	23,820	30,820	Building	95,000	1,16,000
7% Mortgage Loan	–	20,000	Accumulated depreciation on Building	[43,000]	[45,000]
Creditors Outstanding	6,900	6,000	Land	10,000	12,000
Salaries Provision for Taxation	2,000	1,400	Stock	10,220	9,620
	1,000	1,400	Debtors	8,600	7,600
			Prepaid Expenses	720	800
			Cash	6,180	9,800
	1,12,720	1,50,620		1,12,720	1,50,620

Additional Information :

- Plant costing Rs. 16,000 [accumulated depreciation Rs. 14,800] was sold during the year for Rs. 1,200.
- Building was acquired during the year at a cost of Rs. 21,000. In addition to cash payment of Rs. 1,000, a 7% mortgage loan was raised for the balance.
- Dividend of Rs. 8,000 was paid during the year.
- A sum of Rs. 13,900 was transferred to provision for taxation in the year 2021.