



**PG – 858**

**I Semester M.B.A. Degree Examination, August/September 2021  
(CBCS) (2014-15 and Onwards)  
MANAGEMENT**

**Paper – 1.3 : Accounting for Managers**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

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

1. Explain the need and functions of accounting.
2. Discuss the sources of information available to the stakeholders of the company for the purpose of decision making.
3. Discuss any five decision making areas where marginal costing technique can be applied.

4. The following information is available for the month at June 2020

Sales Rs. 5,00,000

Administration expenses Rs. 10,000

Inventory on June 1<sup>st</sup> 50 tons @ Rs. 1,000 Rs. 50,000

**Purchases**

June 10<sup>th</sup> 150 tons @ Rs. 800 per ton Rs. 1,20,000

June 20<sup>th</sup> 200 tons @ Rs. 900 per ton Rs. 1,80,000

Inventory June 30<sup>th</sup>, 100 tons

Compute :

- a) Inventory validation on June 30<sup>th</sup> by using FIFO method
  - b) Amount of cost of goods sold for the month of June.
5. The expenses for production of 5000 units in a factory are given as follows :

	<b>Per unit (Rs.)</b>
Materials	100
Labour	40
Variable over heads	30

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Fixed over heads (Rs. 1,00,000)	20
Administration expenses	10 (50% fixed)
Selling expenses (20% variable)	10
Total Cost	210

You are required to prepare budget for 7000 units.

6. From the following data you required to calculate :

a) PV Ratio

b) Break even sales volume in Rupees.

c) Sales required to earn of profit of 9,00,000

Fixed Expenses	Rs. 1,80,000
Direct material per unit	Rs. 10
Direct labour per unit	Rs. 4
Direct overheads per unit	100% direct labour
Selling price per unit	Rs. 24

7. What is depreciation ? Explain the factors influencing depreciation.

### SECTION - B

Answer **any three** questions. **Each** question carries **10** marks :

(3×10=30)

8. Discuss various techniques of financial statement analysis.

9. What is window dressing of financial statements ? Explain the motives and forms of window dressing.

10. Discuss the concepts and conventions underlying in the preparation of financial statements.

11. Following is the Balance sheet of ABC Ltd. as at 31<sup>st</sup> March 2020 :

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Land and Buildings	18,00,000
8% preference share capital	8,00,000	Plant and Machinery	16,00,000
Reserves and surplus	8,00,000	Closing stock	6,00,000
9% Debentures	12,00,000	Debtors	4,00,000





Creditors	6,00,000	Cash at Bank	1,80,000
Bills payable	2,00,000	Prepaid expenses	20,000
	<b>46,00,000</b>		<b>46,00,000</b>

Sales during the year Rs. 16,00,000

Cost of goods sold Rs. 12,00,000

**Calculate :**

- a) Current ratio
- b) Liquid ratio
- c) Stock turnover ratio
- d) Debtors turnover ratio
- e) Debt-equity ratio
- f) Gross profit ratio
- g) Fixed assets turnover ratio
- h) Proprietary ratio.

**SECTION - C**

12. Case study (**Compulsory**) :

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The following is the trial balance of XYZ Ltd. as on 31<sup>st</sup> December 2020.

Particulars	Debit (Rs.)	Credit (Rs.)
Stock	1,25,000	-
Sales	-	4,00,000
Purchases	3,45,000	-
Wages	50,000	-
Discount	7,000	5,000
Salaries	7,500	-
Rent	4,950	-
General expenses including insurance	17,050	-
Profit and Loss Account	-	15,030



Dividend	9,000	-
Capital (10000 shares of Rs. 10 each)	-	1,00,000
Debtors and Creditors	37,500	17,500
Machinery	29,000	-
Reserve Fund	-	1,15,500
Bad Debts	4,830	-
Cash	16,200	-
	<b>6,53,030</b>	<b>6,53,030</b>

Prepare Profit and Loss Account and Balance Sheet as on 31<sup>st</sup> December 2020 in the vertical form as per schedule VI of companies Act – 1956 after considering the following adjustments :

- a) Closing stock Rs. 3,00,000
- b) Purchases include Rs. 5,000 for machinery purchase on 1-7-2020
- c) On 31-12-2020 goods worth Rs. 30,000 were sold to a customer. He has taken away the goods but the transaction was not entered in the sales book.
- d) Directors want to provide :
  - i) 10% final dividend
  - ii) Income tax Rs. 30,000
  - iii) Reserve Fund Rs. 20,000.

Particulars	Debit (Rs.)	Credit (Rs.)
Stock	1,25,000	
Sales		4,00,000
Purchases	3,45,000	
Wages	80,000	
Discount	7,000	
Salaries	7,500	
Profit	4,950	
General expenses including insurance	17,080	
Profit and Loss Account		1,00,000