

10903

First Semester M.B.A. Degree Examination, August/September 2021

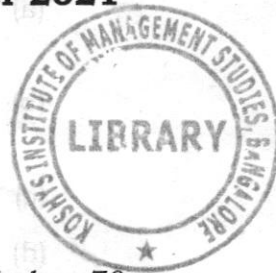
(CBCS Scheme – 2014-15 onwards)

Management

Paper 1.3 – ACCOUNTING FOR MANAGERS

Time : 3 Hours]

[Max. Marks : 70



SECTION – A

Answer any **FIVE** questions. Each question carries **5** marks : (5 × 5 = 25)

1. What are the ethical issues in accounting?
2. 'Entity' and 'Continuity' concepts are inter-related. Comment.
3. A small delivery truck purchased by Satish on January 1, 2016 :

Cost – \$ 13,000

Expected salvage value – \$ 1,000

Estimated useful life (years) – 5

Estimated useful life (miles) – 100,000

Miles expected used are :

Year	Units of Activity (Miles)
2016	15,000
2017	30,000
2018	20,000
2019	25,000
2020	10,000

Prepare schedule of depreciation on the basis of Straight Line Method.

4. A store sells t-shirts. The average selling price is Rs.15 and the average variable cost (cost price) is Rs.9. Thus, every time the store sells a shirt it has Rs.6 remaining after it pays the manufacturer. This Rs.6 is referred to as the unit contribution.

- (a) Suppose the fixed costs of operating the store (its operating expenses) are Rs.100,000 per year. Find Break-even in units?
- (b) If the owner desired a profit of Rs.25,000, what will be break-even point in Rupees?
- (c) If fixed costs rose to Rs.110,000, break-even in units' volume would be?
- (d) If the average selling price rose to Rs.16, break even volume would fall?
5. Calculate Current Ratio from the following information :

Particulars	Rs.
Inventories	50,000
Trade receivables	50,000
Advance tax	4,000
Cash and cash equivalents	30,000
Trade payables	1,00,000
Short-term borrowings (bank overdraft)	4,000

6. Who can become Forensic Accountant?
7. Explain Dupoint Analysis.

SECTION - B

Answer any **THREE** questions. Each question carries **10** marks : **(3 × 10 = 30)**

8. What is Accounting? What are its branches? Who are the parties interested in accounting information?
9. The summarized Balance Sheet of Bhadresh Ltd. as on 31.12.2019 and 31.12.2020 are as follows :

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Share capital	4,50,000	4,50,000	Fixed Asset	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investment	50,000	60,000
Profit & Loss A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtor	2,10,000	4,55,000
Tax provision	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage Loan	-	2,70,000			
	<u>10,49,000</u>	<u>12,42,000</u>		<u>10,49,000</u>	<u>12,42,000</u>

Additional details :

Investment costing Rs.8,000 was sold for Rs.8,500.

Tax provision made during the year was Rs.9,000.

During the year part of fixed assets costing Rs.10,000 was sold for Rs.12,000 and the profit was included in Profit and Loss Account.

You are required to prepare cash flow statement for 2020.

10. The Profit volume ratio of X Ltd. Co. is 40% and margin of safety is also 40%. Work out the following is the sales volume is Rs.1.50 lakhs.
- Break-even point
 - Net profit
 - Fixed cost
 - Sales required to earn a profit of Rs.30,000.
11. Describe the process of setting IFRS standards.

SECTION - C

Compulsory question : (1 × 15 = 15)

12. Case Study :

From the following Balance Sheet of Deva Ltd. as on 31st December 2019 and 2020, prepare :

- Schedule of changes in working capital
- Funds Flow Statement

Balance Sheet

	2019	2020
	Rs.	Rs.
Liabilities :		
Sundry Creditors	10,00,000	10,30,000
Bills payable	2,00,000	2,50,000
Debentures	8,80,000	8,80,000
Provision for Depreciation	2,00,000	1,12,000
Reserves and Surplus	6,00,000	7,80,000
Share Capital	14,00,000	17,40,000
	<u>42,80,000</u>	<u>47,92,000</u>

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	2019	2020
	Rs.	Rs.
Assets :		
Cash	16,00,000	17,76,000
Sundry Debtors	4,00,000	7,40,000
Stock of goods	6,00,000	6,88,000
Land	1,60,000	1,60,000
Building	8,00,000	6,40,000
Plant and Machinery	6,00,000	6,80,000
Debenture Discount	80,000	72,000
Patents	40,000	36,000
	42,80,000	47,92,000

Additional information :

1. Net profit for the year 2020 is Rs.4,00,000.
2. Dividend paid Rs.80,000.
3. Depreciation charged Rs.32,000.
4. The company issued Equity shares for Rs.2,00,000 bonus shares of Rs.1,40,000.
5. The building was sold for Rs.56,000 the cost and book value being Rs.1,60,000 and Rs.40,000 respectively.