



I Semester M.B.A. Degree Examination, February 2017  
(CBCS)  
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 **five** marks. (5×5=25)

1. What is GAAP ? Explain the need for GAAP.
2. Explain the factors influencing depreciation.
3. Explain various sources of information for decision making to the stake holders of the Company.
4. Explain how product price is fixed under :
  - i) Traditional costing
  - ii) Target costing.

| 5.       | Sales<br>Rs. | Profit<br>Rs. |
|----------|--------------|---------------|
| Year – 1 | 10,00,000    | 2,00,000      |
| Year – 2 | 15,00,000    | 4,00,000      |

Your are required to calculate :

- i) P.V. Ratio
- ii) Fixed cost
- iii) Break even sales volume
- iv) Sales to earn a profit of Rs. 3,00,000.



6. From the following data prepare flexible budget for production of 40000 units and 60000 units of product 'X' distinctly showing variable cost and fixed cost as well as total cost.

|                                 | <b>100000 units<br/>(per unit cost)</b> |
|---------------------------------|---|
| Direct Material                 | 90                                      |
| Direct Labour                   | 45                                      |
| Direct variable expenses        | 10                                      |
| Manufacturing variable overhead | 30                                      |
| Fixed production overhead       | 10                                      |
| Administration overhead (fixed) | 5                                       |

7. Present the following information to show clearly to management :
- The marginal product cost and the contribution per unit.
  - The total contribution and profits resulting from each of the following mixtures.

|   | <b>Product</b> |           |
|---|----------------|-----------|
|   | <b>A</b>       | <b>B</b>  |
| Direct Material   | 10             | 9         |
| Direct wages  | 3              | 2         |
| Variable expenses 100% of<br>direct wages for both products |                |           |
| <b>Selling price</b>  | <b>20</b>      | <b>15</b> |
| Fixed expenses  | 800            |           |

Sales mixtures :

- 100 units of product A and 200 of B
- 150 units of product A and 150 of B
- 200 units of product A, and 100 of B.

**SECTION – B**

Answer **any three** of the following questions. **Each** question carries **10** marks. **(3×10=30)**

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



9. "Costs may be classified in a variety of ways according to their nature and the information needs of management". Explain and discuss this statement giving examples of classification required for different purposes.
10. A company having a net working capital of Rs. 2,80,000 as 31-3-2015 indicates the following financial ratios and performance figures :
- |                                       |     |
|---------------------------------------|-----|
| Current ratio                         | 2.4 |
| Liquidity ratio                       | 1.6 |
| Inventory turnover (on cost of sales) | 8   |
| Gross profit on sales                 | 20% |
| Credit allowed (months)               | 1.5 |
- The company's fixed assets is equivalent to 90% of its net worth (share capital plus reserves) while reserves amounted 40% of share capital. Prepare the imaginary Balance Sheet of a company as on 31-3-2015 showing step by step calculation.
11. From the following information prepare Cash Flow Statement according to A.S – 3 (Indirect Method) :

**Comparative Balance Sheet Excellent Ltd.**

| Liabilities and Capital | As at              | As at              | Assets                           | As at              | As at              |
|-------------------------|--------------------|--------------------|----------------------------------|--------------------|--------------------|
|                         | 31-3-2006          | 31-3-2005          |                                  | 31-3-2006          | 31-3-2005          |
|                         | Rs.                | Rs.                |                                  | Rs.                | Rs.                |
| Share capital           | 50,00,000          | 40,00,000          | Fixed Assets                     | 31,00,000          | 30,00,000          |
| Reserves and Surplus    | 15,00,000          | 5,00,000           | Investments                      | 1,50,000           | —                  |
| Secured Loans           | 35,00,000          | 40,00,000          | Cash and Bank Balances           | 2,50,000           | 1,25,000           |
| Current Liabilities     | 50,00,000          | 60,00,000          | Stocks, Stores, Work-in-Progress | 75,00,000          | 78,75,000          |
|                         |                    |                    | Sundry Debtors                   | 40,00,000          | 35,00,000          |
|                         | <b>1,50,00,000</b> | <b>1,45,00,000</b> |                                  | <b>1,50,00,000</b> | <b>1,45,00,000</b> |

- i) The net profit for the year after adjustment in respect of provisions for dividends and taxation was Rs. 10,00,000.
- ii) There was addition to Fixed Assets during the year amounting to Rs. 4,00,000 and Depreciation for the year was Rs. 3,00,000.



## SECTION – C

## 12. Case study : Compulsory. (1×15=15)

Prepare a Balance Sheet in a vertical form as at 31-3-2016 from the following information of XYZ Ltd. as required under Part I – B of Schedule III of the Companies Act, 2013.

|                        |           |                              |           |
|------------------------|-----------|------------------------------|-----------|
| Term loans             | 10,00,000 | Sundry debtors               | 12,25,000 |
| Sundry creditors       | 11,45,000 | Miscellaneous expenses       | 58,000    |
| Advances               | 3,72,000  | Loans from debtors           | 2,00,000  |
| Cash and bank balances | 2,75,000  | Provision for doubtful debts | 20,200    |
| Staff advances         | 55,000    | Stores                       | 4,00,000  |
| Provision for taxation | 1,70,000  | Fixed assets (WDV)           | 51,50,000 |
| Share premium          | 4,75,000  | Finished goods               | 7,50,000  |
| Loose tools            | 50,000    | General reserve              | 20,50,000 |
| Investments            | 2,25,200  | Capital work-in-progress     | 2,00,000  |
| Loss for the year      | 3,00,000  |                              |           |

**Additional Information :**

1) Share capital consists of :

- a) 3,000 equity shares of Rs. 100 each fully paid up.
- b) 10,000 – 10% redeemable preference shares of Rs. 100 each fully paid up.

2) Term loans are secured.

3) Depreciation on assets Rs. 5,00,000.