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Reg. No. 

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I Semester M.B.A.(Day) Degree Examination, June/July - 2023

MANAGEMENT

Managerial Accounting

(CBCS Scheme 2019 Onwards)

Paper : 1.2

Time : 3 Hours

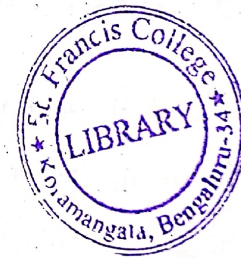
Maximum Marks : 70

## SECTION - A

Answer any Five questions, from the following each question carries 5 marks.

(5×5=25)

1. What is GAAP? Explain the need and objectives of Accounting Principles.
2. Explain the importance of accounting information for managerial decisions.
3. Write a detailed note on social reporting by corporate bodies in India.
4. Critically examine the various tools available for Financial Statement Analysis. What are the limitations of such tools?
5. Assuming the cost structure and selling prices remain the same in periods I and II, find out
  - a) Profit volume ratio
  - b) Fixed cost
  - c) Break even point for sales
  - d) Profit when sales are of Rs.2,00,000
  - e) Sales required to earn a profit of Rs.40,000 and
  - f) Margin of safety at a profit of Rs.30,000
  - g) Variable cost in period II.



Period	Sales	Profit
	Rs.	Rs.
I	2,40,000	18,000
II	2,80,000	26,000

[P.T.O.]



6. Mr. Mahesh has the following transactions, prepare accounting equation:
- Business started with cash 3,50,000
  - Purchased goods from Rohan 1,00,000
  - Sold goods on credit to Bhaskar (Costing 35,000) 40,000
  - Purchased furniture for office use 20,000
  - Cash paid to Rohan in full settlement 97,000
  - Cash received from Bhaskar 40,000
  - Cash withdrew for personal use 6,000
  - Rent paid 2,000
7. A company purchased on 1<sup>st</sup> Jan 2017 a secondhand plant for Rs. 30,000 and immediately spent Rs. 20,000 in overhauling it. On July 1<sup>st</sup> 2017 additional machinery costing Rs. 25,000 was purchased. On July 1<sup>st</sup> 2019 the plant purchased on Jan. 1<sup>st</sup>, 2017 became obsolete and was sold for Rs. 10,000. On that date new machinery was purchased at a cost of Rs. 60,000. Depreciation was provided annually on 31<sup>st</sup> Dec. at the rate of 10% p.a. on original cost of the Assets. In 2020, however, the Company changed this method of providing depreciation and adopted the method of writing off 15% on diminishing value. Prepare machinery A/c from 2017 to 2022.

### SECTION - B

Answer any **THREE** questions from the following, each question carries 10 marks.

(3×10=30)

8. What is Forensic Accounting? Explain the role and function of Forensic Accounting.
9. Using the following data complete the balance sheet.

Gross profit (20% of sales) - Rs. 60,000

Share Capital - Rs. 50,000

Credit Sales to Total Sales - 80%

Stock Turnover (to Cost of Sales) - 8 Times

Total Assets Turnover (on Sales) - 3 Times

Average Collection period for 360 days - 18 days.

Current Ratio - 1.6

Long Term to Equity - 40%

Calculate : Long Term Debt, Creditors, Fixed Assets, Debtors, Cash.

10. For production of 10,000 units, the following are budgeted expenses:

	Rs. per unit
Direct materials	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs.1,50,000)	15
Variable overheads(Direct)	5
Selling expenses (10% fixed)	15
Administration expenses (Rs. 50,000 fixed for all levels of production)	5
Distribution expenses (20% fixed)	5
<b>Total cost of sales per unit</b>	<b>160</b>

You are required to prepare a budget for the production of 7,000 and 8,000 units.

11. The following details are available from a company.

Liabilities	31-3-21(Rs.)	31-3-22(Rs.)	Assets	31-3-21(Rs.)	31-3-22(Rs.)
Share capital	1,40,000	1,48,000	Cash	18,000	15,600
Debentures	24,000	12,000	Debtors	29,800	35,400
Reserves for					
doubtful debts	1,400	1,600	Stock	98,400	85,400
Trade creditors	20,720	23,680	Land	40,000	60,000
Profit and loss A/c	20,080	21,120	Goodwill	20,000	10,000
<b>Total</b>	<b>2,06,200</b>	<b>2,06,400</b>	<b>Total</b>	<b>2,06,200</b>	<b>2,06,400</b>

In addition, you are given:

- Dividend paid Rs.7,000 .
- Land purchased for Rs. 20,000
- Amount provided for amortization of good will Rs.10,000
- Debentures paid off Rs. 6,000

Prepare cash flow statement.



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## SECTION - C

62202

## 12. Compulsory Case Study :

(1×15=15)

Following is the trial balance of Lakshmi Co. Ltd. as at 31<sup>st</sup> March 2022:

Particulars	Amount	Amount
Stock, 31 <sup>st</sup> March, 2021	3,00,000	-
Sales	-	14,00,000
Purchases	9,80,000	-
Wages	2,00,000	-
Discount	-	20,000
Furniture and Fittings	68,000	-
Salaries	30,000	-
Rent	19,800	-
Sundry expenses	28,200	-
Surplus Account 31 <sup>st</sup> March, 2021	-	60,120
Dividends paid	36,000	-
Share capital	-	4,00,000
Debtors and Creditors	1,50,000	70,000
Plant and Machinery	1,16,000	-
Cash and Bank	64,800	-
Reserve	-	62,000
Patents and Trade Mark	19,320	-
<b>Total</b>	<b>20,12,120</b>	<b>20,12,120</b>

Prepare the financial statements of the company as on 31<sup>st</sup> March 2022 as per Schedule III of the companies Act, 2013. Take into consideration the following adjustments.

- Stock on 31<sup>st</sup> March, 2022 was valued at Rs.3,28,000
- Depreciation on fixed assets @ 10%
- Make a provision for income - tax @ 50%
- Ignore corporate dividend tax.