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# I Semester M.B.A. (Day / Evening) Degree Examination, May/June - 2025

## MANAGEMENT

## Managerial Accounting

## (CBCS 2019 Scheme)

## Paper : 1.2

**Time : 3 Hours** **Maximum Marks : 70**

### SECTION - A

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

1. Explain the main purposes and objectives of accounting information in business decision -making.
2. What is inflation accounting? Why is it important in financial reporting?
3. Explain the role of financial ratios in analysing financial statements.
4. On 1st April, 2020, Excellent Limited purchased a plant for Rs. 10,00,000. On 1st October, 2020, an additional plant purchased costing Rs. 5,00,000. On 1st October 2021, the plant purchased on 1st April, 2020 was sold off Rs. 4,00,000. On 1st October, 2022, a new plant was purchased for Rs. 12,00,000 and the plant purchased on 1st October, 2020 was sold for Rs. 4,20,000 on the same date.

   Depreciation is to be provided at 10% per annum on the Written down value on 31st March every year. Prepare Plant account for the three years ended 31st March, 2023.
5. Assuming that the cost structure and selling price 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. 1,00,000 ; (e) Sales required to earn a profit of Rs. 20,000; and (f) Margin of safety at a profit of Rs. 15,000.

| Period | Sales (Rs.) | Profit (Rs.) |
|---|---|---|
| I | 1,40,000 | 12,000 |
| II | 1,60,000 | 16,000 |

6. Show the Accounting Equation on the basis of the following transaction :

| | | |
|---|---|---|
| a) | Das commenced business with cash | Rs. 30,000 |
| b) | He purchased goods on credit | Rs. 7,000 |
| c) | Purchased furniture for cash | Rs. 3,000 |
| d) | He sold goods for cash (costing Rs. 3000) | Rs. 6,000 |
| e) | Paid salaries | Rs. 2,000 |
| f) | Sold goods to Krishna on credit (costing Rs. 1000) for | Rs. 2,000 |

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g) Received Cash from Krishna Rs. 2,000
h) Withdrew cash for Private use Rs. 1,500
i) Received Rent Rs. 3,000
j) Purchased goods from Ravi for cash Rs.1,000

7. With the following data for a 60% activity prepare a flexible budget for production at 80% and 100% activity.

Production at 60% activity - 600 units.

| | Rs. |
|---|---|
| Materials | 100 per unit |
| Labor | 40 per unit |
| Expenses | 10 per unit |

Factory expenses Rs. 40,000 (40% fixed)

Administration expenses Rs. 30,000 (60% fixed).

## SECTION - B

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

8. What is Human Resource Accounting (HRA)? Discuss the different methods used for valuing human resources in an organization.

9. From the following information, Prepare the balance sheet XYZ co. Ltd. Showing the details of working: Paid - up capital Rs. 50,000; Plant and machinery Rs. 1,25,000; Total sales (annual) Rs. 5,00,000; Gross profit margin 25%; Annual credit sales 80% of net sales; Current Ratio 2; Inventory turnover 4; Fixed asset Turnover 2; Sales Returns 20% of sales; Average collection period 73 days; Bank credit to trade credit 2; Cash to/inventory 1:15; Total debt to current liabilities 3.

10. The summarized balance sheet of Prakash Ltd. as on 31st March 2023 and 2024 are given below:

| **Particulars** | **31st March 2023 (Rs.)** | **31st March 2024 (Rs.)** |
|---|---|---|
| **Liabilities** | | |
| Equity share capital | 4,50,000 | 4,50,000 |
| General Reserve | 3,00,000 | 3,10,000 |
| Profit and loss A/C | 56,000 | 68,000 |
| Creditors | 1,68,000 | 1,34,000 |
| Provision for taxation | 75,000 | 10,000 |
| Mortgage Loan | ------ | 2,70,000 |
| **Total** | **10,49,000** | **12,42,000** |

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| Assets | | |
|---|---|---|
| Fixed Assets | 4,00,000 | 3,20,000 |
| Investments | 50,000 | 60,000 |
| Stock | 2,40,000 | 2,10,000 |
| Debtors | 2,10,000 | 4,55,000 |
| Bank | 1,49,000 | 1,97,000 |
| **Total** | **10,49,000** | **12,42,000** |

**Additional information :**

a) Investments costing Rs. 8,000 were sold during the year 2023-24 for Rs. 8,500.

b) Provision for tax made during the year Rs. 9,000.

c) During the year, the part of fixed asset costing Rs. 10,000 was sold for Rs. 12,000 and the profit included in the profit and loss account.

d) Dividend paid during the year amounted to Rs. 40,000.

You are required to prepare a cash flow statement.

**11.** The balance sheet of Arya Ltd. on March 31, 2020 is given below.

| **Sources of Funds** | | **Amount (Rs.)** |
|---|---|---|
| 1. | **Equity and Liabilities :** | |
| | Shareholders's funds | 8,99,200 |
| | Reserves and surplus | 3,48,000 |
| | | 12,47,200 |
| 2. | Non - current Liabilities | |
| | Long term borrowings | 3,10,800 |
| 3. | Current Liabilities | |
| | Sundry creditors | 1,60,000 |
| | Other current liabilities | 60,000 |
| | Short term provisions | 1,02,400 |
| | Total of equity liabilities | **18,80,400** |
| **Application of Funds** | | **Amount (Rs.)** |
| Non - current Assets | | |
| 1. | Fixed Assets : | |
| | Tangible assets | 10,00,000 |
| | Intangible assets | 20,640 |
| | Total fixed assets | **10,20,640** |

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2. Current Assets :

| | |
|---|---|
| Inventories | 2,80,000 |
| Trade Receivables | 2,40,000 |
| Cash and cash Equivalent | 3,05,600 |
| Short term loans and advances | 34,160 |
| Total current assets | **8,59,760** |
| Total of all assets | 18,80,400 |

Interpret the financial performance/position of the company by reading the balance sheet, as a financial expert.

## SECTION - C
## (Case Study)

**12.** Answer the following (Compulsory). **(1×15=15)**

Following is the trial balance of ABC Ltd as at 31st March 2020.

| **Debit Balances** | **Amount Rs.** | **Credit Balances** | **Amount Rs.** |
|---|---|---|---|
| Opening stock | 1,50,000 | Equity share capital | 5,00,000 |
| Purchases | 3,80,000 | Purchase Return | 10,000 |
| Wages | 60,000 | Sales | 11,50,000 |
| Carriages | 2,000 | Discount | 6,300 |
| Furniture | 25,000 | Surplus Account | 1,70,000 |
| Salaries | 12,000 | Sundry Creditors | 33,700 |
| Rent | 15,000 | General Reserves | 82,000 |
| Trade Expenses | 11,000 | Bills payables | 13,000 |
| Sundry Debtors | 54,000 | Provision for Doubtful debts | 3,000 |
| Plant and machinery | 12,00,000 | | |
| Cash at bank | 21,500 | | |
| Patents | 9,000 | | |
| Bills Receivables | 14,000 | | |
| Bad debts | 6,500 | | |
| Discount allowed | 8,000 | | |
| **Total** | **19,68,000** | **Total** | **19,68,000** |

**Additional Information.**

a) Stock on 31st March 2020 Rs. 2,00,000.

b) Depreciate plant and machinery at 12%, furniture at 10% and patents at 20%.

c) Further bad debts amounted to Rs. 4,000. Provide 5% on debtors for Bad debts.

d) Provide for income tax at 35%.

Prepare final account as per schedule III of companies Act, 2013.

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