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I Semester M.B.A. (Day and Evening) Degree Examination,
April/May - 2026
MANAGEMENT
Managerial Accounting
(CBCS Scheme 2019)
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. Discuss how subsidiary books improve the efficiency in large organization.
2. Define inflation accounting and explain its relevance in high-inflation economies.
3. Explain the significance of ratio interpretation rather than ratio calculation.
4. How the concept of Du-pont analysis will the help the financial decision making.
5. Prepare flexible budget on the basis of the following information for the year ended 31-03-2024

Particulars	**Amount**
Direct materials	Rs. 8,00,000
Direct labor	Rs. 6,00,000
Direct expenses	Rs. 4,00,000
Factory overheads (80% fixed)	Rs. 2,00,000
Selling overhead (50% fixed)	Rs. 75,000
Sales	Rs. 25,00,000

During the year the factory was working at 70% capacity. Company want know the budget at 90% capacity for the next year.

6. Net profit of a company before tax is 25,00,000 as on 31st March 2023 after considering the following:

Depreciation on Fixed Asset Rs. 50,000, Goodwill written off Rs. 15,000, Loss on sale of Machine Rs. 12,000, Tax Paid Rs. 83,000.

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The current assets and current liabilities of the company in the beginning and at the end of the year were as follows.

	31-3-2022	31-3-2023
Account Receivables	50,000	31,000
Accounts Payable	20,000	25,000
Debtors	60,000	75,000
Stock in Hand	30,000	28,000
Outstanding Expenses	15,000	10,000

Calculate cash flow from operating activities

7. Show the accounting equation for the following transactions of Manveer for the year 2023.

a)	He started business with cash	Rs. 25,00,000
b)	Purchased goods on credit	Rs. 45,000
c)	Bought goods for cash	Rs. 50,000
d)	Purchased furniture for cash	Rs. 1,20,000
e)	Paid rent	Rs. 25,000
f)	Withdrew cash for personal use	Rs. 40,000
g)	Sold goods on credit (cost Rs. 25,000)	Rs. 30,000
h)	Paid salaries	Rs. 26,000

SECTION - B

Answer any Three of the following questions. Each question carries 10 marks.

(3×10=30)

8. Evaluate how digital transformation (AI, Blockchain, Cloud) is redefining financial reporting eco-system.

9. With the help of the following ratios regarding Supermoon Ltd. draw the balance sheet of the company for the year 2024:

Current ratio	2.5
Liquidity Ratio	1.5
Net working capital	Rs. 3,00,000
Stock Turnover Ratio (Cost of sales/Closing Stock)	7 Times
Gross Profit Ratio	25 Percent
Average Debt Collection Period	1.5 months
Fixed Asset to shareholders net worth	0.75
Reserve and surplus to capital	0.70

10. The Mansoon Ltd. is in the manufacture of Small-Capacity of inverter battery. The cost structure of the inverter battery is as under.

Materials Rs. 50, Labour Rs. 80, Variable Overheads 65% of Labour Cost.

Fixed overheads of the company amounts to Rs. 3,00,000 per annum, The sale price of the inverter battery is Rs. 300 each.

a) Determine the number of inverter battery that have to be sold in a year in order to Break Even.

b) How many inverter battery to be sold to make Profit of Rs. 1,50,000.

c) If the sale price is reduced by Rs. 20, How many inverter battery to be sold to break even.

d) If the variable cost increased by 25% what will be the new break even point.

11. From the following liabilities and assets of Aco. Ltd. make out a Cash Flow Statement.

Particulars	**2022 (Rs.)**	**2023 (Rs.)**
Liabilities:		
Equity Share Capital	3,00,000	4,00,000
8% Red Preference Share Capital	1,50,000	1,00,000
General Reserves	40,000	70,000
Surplus A/C	30,000	48,000
Proposed Dividend	42,000	50,000
Creditors	55,000	83,000
Bills Payable	20,000	16,000
Provision for taxation	40,000	50,000
Total	**6,77,000**	**8,17,000**
Assets:		
Goodwill	1,15,000	90,000
Land and Buildings	2,00,000	1,70,000
Plant	80,000	2,00,000
Debtors	1,60,000	2,00,000
Stock	77,000	1,09,000
Bills receivable	20,000	30,000
Cash in hand	15,000	10,000
Cash at bank	10,000	8,000
Total	**6,77,000**	**8,17,000**

Additional information:

a) Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and land and building respectively in 2023.

b) Interim dividend of Rs. 20,000 has been paid 2023.

c) Income Tax Rs. 35,000 has been paid during the year 2023.

SECTION - C

12. (Compulsory) Case Study: **(1×15=15)**

Following is the trail balance of P. K. Limited as at 31st March 2024.

Debit Balances	Amount	Credit Balances	Amount
Opening stock	25,000	Capital	84,500
Bills receivable	14,500	Outstanding Expenses	1,450
Plant and Machinery	30,000	Bills payable	6,850
Purchases	1,10,000	Creditors	18,600
Debtors	40,500	Sales	1,82,450
Returns	2,450	Returns	4,400
Depreciation on plant and Machinery	1,800	Discount	840
Salaries	14,000	Commission	13,600
Manufacturing Expenses	2,150	Misc.receipts	5,350
Wages	17,100	Bank Overdraft	18,100
Carriage inwards	1,000		
Carriage outwards	950		
Repairs	1,560		
Telephone charges	480		
Cash in hand	6,200		
Bad debts	550		
Freehold premises	63,100		
Furniture	4,800		
Total	**3,36,140**	**Total**	**3,36,140**

Adjustments:

a) Provide 5% interest on capital.

b) Depreciate freehold premises by 10% and furniture by 20%.

c) Create a provision of 2% on debtors for bad debts.

Prepare Final account as per schedule III of Companies Act 2013.