

Roll No



**PRESIDENCY UNIVERSITY  
BENGALURU**

**SET B**

**SCHOOL OF MANAGEMENT  
END TERM EXAMINATION - JAN 2024**

**Semester :** Semester I - 2023

**Course Code :** MBA2034

**Course Name :** Accounting for Managers

**Program :** MBA

**Date :** 09-JAN-2024

**Time :** 10:00AM - 1:00 PM

**Max Marks :** 100

**Weightage :** 50%

**Instructions:**

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

**PART A**

**ANSWER ALL THE QUESTIONS**

**10 X 3M = 30M**

1. State the components of current liability. (CO1) [Knowledge]
2. List the users of accounting information. (CO1) [Knowledge]
3. Explain the Operating activities with three examples (CO2) [Knowledge]
4. Differentiate between investing and financing activities with suitable examples (CO2) [Knowledge]
5. Explain any three significance of ratio analysis (CO3) [Knowledge]
6. State the objectives of preparing a common-size statement (CO3) [Knowledge]
7. Explain any three advantages of a flexible budget (CO4) [Knowledge]
8. Differentiate between a fixed budget and a flexible budget (CO4) [Knowledge]
9. Write the formula used to calculate the profit volume ratio with an example (CO5) [Knowledge]
10. Write the formula for calculating the Margin of Safety and explain its significance (CO5) [Knowledge]

## PART B

### ANSWER ALL THE QUESTIONS

6 X 7M = 42M

11. From the following particulars calculate (i) Contribution (ii) P/V ratio (iii) Breakeven point in units and in rupees (iv) What will be the selling price per unit if the breakeven point is brought down to 25,000 units?  
Given Fixed cost Rs. 1,50,000; Variable cost per unit Rs. 10; Selling price per unit Rs. 15.  
(CO5) [Comprehension]
12. The cash book shows a bank balance of ₹ 7,800. On comparing the cash book with the passbook the following discrepancies were noted:  
(a) Cheque deposited in the bank but not yet credited ₹ 3,000  
(b) Cheque issued but not yet present for payment ₹ 1,500  
(c) Insurance premium paid by the bank ₹ 2,000  
(d) Bank interest credited by the bank ₹ 400  
(e) Bank charges debited by the bank ₹ 100  
(d) Directly deposited by a customer ₹ 4,000  
(CO3) [Comprehension]
13. T Industries Ltd. is a public conglomerate company. The company manufactures and distributes cigarettes. Following are the information extracted from the company.  
Opening balance as on 1st April, 2022: Rs.1,40,000  
Receipt from customers: Rs. 12,40,000  
Issue of shares: Rs. 12,00,000  
Sale of fixed assets: Rs. 5,12,000  
Payment to suppliers: Rs. 6,00,000  
Payment for fixed assets: Rs 9,20,000  
Payment for overheads: Rs. 4,60,000  
Payment for taxation: Rs. 90,000  
Prepare the cash flow statement using direct method for the year ended 31st March 2023  
(CO2) [Comprehension]
14. Briefly explain the uses of financial accounting information in corporate decision-making with examples  
(CO1) [Comprehension]
15. Arun Ltd had the following transactions in an accounting year: Prove that the Accounting Equation is satisfied in all the following transactions in the books of Arun Ltd  
(i) Commenced business with cash ₹ 50,000.  
(ii) Paid into bank ₹ 10,000.  
(iii) Purchased goods for cash ₹ 20,000 and credit ₹ 30,000.  
(iv) Sold goods for cash ₹ 40,000 costing ₹ 30,000.  
(v) Rent paid ₹ 500.  
(vi) Rent outstanding ₹ 100.  
(vii) Bought furniture ₹ 5,000 on credit.  
(CO1) [Comprehension]

16. From the following incorrect trial balance prepare a correct trial balance

Particulars	Debit	Credit
Capital		7,80,000
Drawings		2,00,000
wages	1 50,000	
Sales		5,00,000
Sales returns	5,000	
Carriage inwards/outwards		15,000
purchases	4,00,000	
Discount allowed		2,500
Furniture	75,000	
Machinery		500,000
Bank overdraft	50,000	
Salary	2000	
Depreciation		500
Purchase returns		20,000

(CO1) [Comprehension]

### PART C

ANSWER ALL THE QUESTIONS

2 X 14M = 28M

17. From the following data, prepare a flexible budget for the production of 40,000 units and 75,000 units distinctly showing variable cost and fixed cost as well as total cost. The budgeted output for 1,00,000 units and budgeted cost per unit is as follows:

Particulars	Per unit Rs.
Materials	95
Labour	50
Variable overheads	40
Fixed Factory overheads (Rs.5,00,000)	5
Administrative Expenses ( Fixed Rs.5,00,000)	5
Selling expenses (10% Fixed)	10
Distribution expenses (20% fixed)	15

(CO4) [Application]

18. From the following information of Z limited, compute the following ratios  
**(i) Gross Profit Ratio (ii) Inventory Turnover Ratio (iii) Current Ratio (iv) Quick Ratio (v) Net Profit Ratio (vi) Working Capital Turnover Ratio. (vii) Debt-Equity Ratio**

Particulars	Rs.	Particulars	Rs.
Sales	25,20,000	Inventory	2,00,000
<b>Net profit</b>	<b>3,60,000</b>	<b>Other Current assets</b>	<b>7,60,000</b>
<b>Cost of goods sold</b>	<b>19,20,000</b>	<b>Fixed assets</b>	<b>14,40,000</b>
<b>Long term debts</b>	<b>9,00,000</b>	<b>Current liabilities</b>	<b>6,00,000</b>
<b>Equity share capital</b>	<b>2,00,000</b>	<b>Other Equity</b>	<b>8,00,000</b>

(CO3) [Application]