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**Presidency University**

**Bengaluru**

**School of Management**

**Make-Up Examination July 2024**

**Date**: 01 JULY 2024

**Time**: 9:30am – 12:30Pm

**Max Marks**: 100

**Weightage**: 50%

**Semester**: I

**Course Code**: MBA 2034

**Course Name**: Accounting for Managers

**Department:** SOM

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Do not write any information on the question paper other than roll number.*
3. *Question paper consists of 3 parts.*

**PART A**

**Answer any 10 Questions. Each question carries 3 marks. (10Qx 3M= 30)**

1. State the components of Current liabilities (C.O.No.3) [Knowledge]
2. Write the classification of accounts and associated golden rules

(C.O.No.1) [Knowledge]

1. Write any three causes of Depreciation (C.O.No.1) [Knowledge]

1. Recall the meaning of Flexible Budget (C.O.No.5) [Knowledge]
2. Write accounting equation and explain with an example (C.O.No.1) [Knowledge]

1. Write formula for computing breakeven point (C.O.No.3) [Knowledge]
2. State the meaning and formula of Margin of safety (C.O.No.3) [Knowledge]
3. List out the different types of solvency ratios (C.O.No.3) [Knowledge]
4. State the role of budget in cost control (C.O.No.5) [Knowledge]
5. State the meaning of contribution and profit volume ratio (C.O.No.3) [Knowledge]
6. State any three limitations of Accounting (C.O.No.1) [Knowledge]
7. State the meaning and bench mark of Liquidity ratios (C.O.No.3) [Knowledge]

**PART B**

**Answer any 4 Questions. Each question carries 10 marks. (4Qx 10M= 40)**

13. From the following information you are required to prepare Balance sheet and carry out common size analysis

|  |  |  |
| --- | --- | --- |
| Heads of accounts | 2021-22 | 2022-23 |
| Building ₹ | 12,00,000 | 8,00,000 |
| Creditors ₹ | 2,00,000 | 1,00,000 |
| Equity ₹ | 6,00,000 | 8,00,000 |
| Long term borrowings ₹ | 18,00,000 | 19,00,000 |
| Short term borrowings ₹ | 4,00,000 | 2,00,000 |
| Debtors ₹ | 5,00,000 | 6,00,000 |
| Inventories ₹ | 6,00,000 | 8,00,000 |
| Furniture and Fixture ₹ | 7,00,000 | 8,00,000 |

(C.O.No.3) [Application]

14. The Accountant of H Limited has prepared one trial balance. However, CEO of company caught certain errors in trial balance. You are required to prepare a correct trial balance.

|  |  |  |  |
| --- | --- | --- | --- |
| S/N | Heads of accounts | Dr. balance ₹ | Cr. Balance ₹ |
| 1 | Equity share capital | 8,00,000 |  |
| 2 | Preference share capital |  | 4,00,000 |
| 3 | Accounts payable | 5,00,000 |  |
| 4 | Tax expense |  | 60,000 |
| 5 | Cost of material consumed | 2,20,000 |  |
| 6 | Provision for tax |  | 60,000 |
| 7 | Property, plant and equipment |  | 7,00,000 |
| 8 | Sales |  | 3,00,000 |
|  | Total | 15,20,000 | 15,20,000 |

(C.O.No.1) [Application]

15. VST Industries Ltd. is a public conglomerate company. The company is known to manufacture and distribute cigarettes. Following are the information extracted from the company.   
(All amount in Rs.’000)

Opening balance as on 1st April, 2022: Rs.140

Receipt from customers: Rs. 11,132

Issue of shares: Rs1,200

Sale of fixed assets: Rs. 512

Payment to suppliers: Rs. 8,188

Payment for fixed assets: Rs 920

Payment for overheads: Rs. 460

Wages and Salaries: Rs. 276

Taxation: Rs. 972

Dividends: Rs. 320

Repayment of bank loans: Rs. 1000

Prepare a cash flow statement for the period ending on 31st March 2023.

(C.O.No.2) [Application]

16. State the meaning of financial statement analysis and explain any five tools and techniques for carrying out financial statement analysis. (C.O.No.3) [Comprehension]

17. From the following particulars calculate-:

(i) contribution (ii) P/V ratio (iii) break even point in units and in rupee (iv) what will be the selling price per unit if the break even point is brought down to 25,000 units?  Fixed cost Rs. 1,50,000; Variable cost per unit Rs. 10; Selling price per unit Rs. 15.

(C.O.No.4) [Application]

18. From the following information you are required to prepare a statement of profit and loss and carry out comparative analysis.

|  |  |  |  |
| --- | --- | --- | --- |
| Serial Number | Heads of accounts | 2021-22 | 2022-23 |
| 1 | Employee benefit expenses ₹ | 3,00,000 | 5,00,000 |
| 2 | Tax expense ₹ | 2,00,000 | 1,00,000 |
| 3 | Cost of material consumed ₹ | 6,00,000 | 8,00,000 |
| 4 | Revenue from operations ₹ | 18,00,000 | 19,00,000 |
| 5 | Other income ₹ | 4,00,000 | 2,00,000 |
| 6 | Depreciation expense ₹ | 1,00,000 | 150,000 |
| 7 | Interest expense ₹ | 60,000 | 80,000 |
| 8 | Other expenses ₹ | 1,20,000 | 1,70,000 |

(C.O.No.1) [Application]

**PART C**

**Answer the following Questions. (2Qx 15M= 30)**

19. From the information given below of Ponson Limited, calculate the following ratio and write your interpretation respectively:

(i) Current Ratio;  
(ii) Inventory to Capital Ratio:  
(iii) Debt to Equity Ratio;    
(iv) Debtor Turnover Ratio;

(v) Fixed asset turnover ratio

|  |  |  |  |
| --- | --- | --- | --- |
| ***Liabilities:*** | Rs. | ***Assets:*** | Rs. |
| Share Capital | 2,00,00 | Land & building | 1,40,000 |
| Profit & loss A/c | 30,000 | Plant & Machinery | 3,50,000 |
| General Reserve | 40,000 | Stock | 2,00,000 |
| 12% debentures | 4,20,000 | Debtors | 1,00,000 |
| Sundry Creditors | 1,00,000 | Bills Receivable | 10,000 |
| Bills Payable | 50,000 | Cash at Bank | 40,000 |
|  | **8,40,000** |  | **8,40,000** |
| Net sales for the year are Rs. 10,00,000 | | | |

(C.O.No.3) [Analysis]

20 From the following trial balance of Kaushal Limited, prepare Statement of Profit and Loss and a Balance Sheet for the year ended on 31st March 2022.

|  |  |  |  |
| --- | --- | --- | --- |
| **Debit balance** | **Amount in Rupees** | **Credit balances** | **Amount in Rupees** |
| Opening stock on 1st April, 2021 | 16,000 | Capital | 80,000 |
| Purchases | 75,000 | Sales | 2,00,000 |
| Sales returns | 5,000 | Purchases returns | 2,000 |
| Carriage inwards | 1,500 | Discount | 500 |
| Plant and Machinery | 40,000 | Sundry creditors | 10,000 |
| Furniture and fixtures | 5,000 | Bills payable | 1,500 |
| Freehold property | 45,650 |  |  |
| Cash in hand | 5,000 |  |  |
| Carriage outwards | 400 |  |  |
| Wages | 30,000 |  |  |
| Salaries | 18,000 |  |  |
| Lighting (factory) | 800 |  |  |
| Sundry debtors | 28,000 |  |  |
| Travelling expenses | 1,200 |  |  |
| Rent and taxes | 4,800 |  |  |
| Drawings | 5,000 |  |  |
| Insurance | 450 |  |  |
| General expenses | 12,200 |  |  |
| Total | **2,94,000** |  | **2,94,000** |

Adjustments:

i. Stock on 31st March 2022 was valued at Rs. 20,000

ii. Wages amounting to Rs. 2,000 and salaries amounting to Rs. 1,500 are outstanding.

iii. Prepaid insurance amounted to Rs.150.

iv. Provide depreciation on plant and machinery at 5% and on furniture and fixtures at 10%.

(C.O.No.1) [Analysis]