

FACULTY OF MANAGEMENT**M.B.A. I – Semester (CBCS) Examination, October / November 2021****Subject: Accounting for Management****Paper – MB – 102****Time: 2 Hours****Max. Marks: 80****PART – A****Note: Answer any four questions.****(4 x 5 = 20 Marks)**

- 1 What is IFRS?
- 2 Explain the basic factors affecting depreciation.
- 3 What are profitability ratios?
- 4 Differentiate between tax evasion and tax avoidance.
- 5 What are the basic elements of cost? Explain the components of cost sheet.

PART – B**Note: Answer any four questions.****(4 x 15 = 60 Marks)**

- 6 Explain the rationale and growing importance of accounting standards in global accounting environment.
- 7 Enter the following transactions in Journal, Post them into Ledger and prepare the Trial Balance on 31st March, 2015.

		Rs.
March 1	Karthik started business with cash	30,000
2	Purchased goods from Ramesh	50,000
3	Sold goods for cash	45,000
5	Paid Ramesh	20,000
10	Returned goods to Ramesh	1,000
12	Sold goods to Krishnan	3,000
14	Bought goods from Shukla	20,000
16	Krishnan returned goods	500
19	Paid Shukla	15,000
25	Paid rent	200
28	Paid Wages	500
30	Bought stationary	800

- 8 Define depreciation. Explain the various methods of depreciation.

- 9 Following are the balances extracted from the books of Sharma on 31.12.2016. Prepare Trading, P and L A/c and Balance Sheet after considering the adjustments given below:

Particulars	Debit Rs.	Credit Rs.
Furniture	640	
Motor Vehicle	6,250	
Buildings	7,500	
Capital		12,500
Bad Debts	125	
Interest received		200
Sundry debtors	3,800	
Sundry creditors		2,500
Opening Stock	3,460	
Purchases / Sales	5,475	15,450
Bank O/D		2,850
Advertising	450	
Cash	650	
Insurance	750	
Salaries	3,500	
Machinery	900	
	33,500	33,500

Adjustments:

- Closing stock Rs. 5,000
 - Insurance prepaid Rs. 150
 - Write off further bad debts Rs. 1,000
 - Depreciate machinery by 10%
 - Salaries outstanding Rs. 1,500
- 10 Explain the classification of Ratios.
- 11 Prepare Balance Sheet with as many details as possible from the following information:

Gross Profit Ratio	20%
Debtors Turnover	6 Times
Fixed Assets to net worth	0.80
Reserves to Capital	0.50
Current Ratio	2.50
Liquid Ratio	1.50
Networking Capital	Rs. 3,00,000
Stock Turnover Ratio	6 Times

12 Describe the methodology of BSC and its importance.

13 The summarized Balance Sheets of Kunal Ltd as on 31.12.2015 and 31.12.2016 are as follows:

Liabilities	2015 Rs.	2016 Rs.	Assets	2015 Rs.	2016 Rs.
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
P&L A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Tax Provision	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage Loan		2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional details:

- 1) Investment costing Rs. 8,000 was sold for Rs. 8,500
- 2) Tax provision made during the year was Rs. 9,000
- 3) During the year part of the fixed assets costing Rs. 10,000 was sold for Rs. 12,000 and the profit was included in P&L A/c. You are required to prepare cash flow statement for 2016.

14 Explain managerial uses of break even concept.

15 Manali Corporation Ltd has prepared the budget estimates for the year 2017-18:

- Sales units – 15,000
- Fixed expenses – 34,000
- Sales value – 1,50,000
- Variable costs – Rs. 6 per unit

You are required to:

- i) Find P/V ratio, BEP and MOS
- ii) Calculate the revised P/V ratio, BEP and MOS in each cases
 - a) Decrease of 10% in selling price
 - b) Increase of 10% in variable costs.
