

MBCP 1003

M.B.A. DEGREE EXAMINATION, DECEMBER 2025.

First Semester

Common Papers

ACCOUNTING FOR MANAGERS

(2023–24 Regulation)

Time : Three hours

Maximum : 75 marks

PART A — (5 × 4 = 20 marks)

Answer any FIVE questions.

1. State clearly how you would deal with the following in the books of a Company:
 - (a) The redecoration expenses Rs.6,000,
 - (b) The installation of a new Coffee-making Machine for Rs.10,000.
 - (c) The building of an extension of the club dressing room for Rs. 15,000.
 - (d) The purchase of snacks and food stuff Rs. 2,000.
2. Briefly explain the objectives of accounting.

3. Written down value method is based upon a more realistic assumption, it suffers from some limitations. Give any three such limitations.

4. What are the differences between cash flow and fund flow statements?

5. From the following balances calculate cash from operations.

	December 31, 2021 (₹)	December 31, 2022 (₹)
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	—	1,30,000

6. Illustrate breakeven point algebraically?

Account Title	Debit Amount ₹	Credit Amount ₹
Carriage outwards	3,360	
Fuel and power	24,800	
Opening stock	57,600	
Bad debts	9,950	
Debtors and Creditors	1,31,200	48,000
Capital		3,48,000
Investment	32,000	
Interest on investment		3,200
Loan		16,000
Repairs	2,400	
General expenses	17,000	
Wages and salaries	28,800	
Land and buildings	2,88,000	
Cash in hand	32,000	
Miscellaneous receipts		160
Sales tax collected		8,350
Closing stock ₹30,000		

7. From the following data calculate the BEP expressed in terms of revenue

	(₹)
Sales price (per unit)	20
Variable manufacturing cost (per unit)	11
Variable selling cost (per unit)	3
Fixed factory overheads per year	5,40,000
Fixed selling costs (per year)	2,52,000

8. Calculate Labour cost variance from the information: Standard Production 100 Units, Standard Hours: 500 hours, Wage rate per hour: Rs. 2, Actual production: 85 units, Actual time taken : 450 hours, Actual wage rate paid: Rs. 2.10 per hour.

PART B — (5 × 8 = 40 marks)

Answer any FIVE questions.

9. List out the main elements of balance sheet and income statement.

10. Illustrate the journal entries for the following transactions:

April
2022

- 1 Mr. Vikas and Mrs. Vaibhavi who are husband and wife start consulting business by bringing in their personal cash of Rs.5,00,000 and Rs.2,50,000 respectively,
10 Bought office furniture of Rs.25,000 for cash. Bill No.-2013/F/3
- 11 Opened a current account with Punjab National Bank by depositing Rs. 1,00,000
- 15 Paid office rent of Rs.15,000 for the month by cheque to M/s Realtors Properties. Voucher No. 3
- 20 Bought a motor car worth Rs 4,50,000 from Millennium Motors by making a down payment of Rs.50,000 by cheque and the balance by taking a loan from HDFC Bank. Voucher No. M/13/7
- 25 Vikas and Vaibhavi carried out a consulting assignment for Avon Pharmaceuticals and raised a bill for Rs. 10,00,000 as consultancy fees. Bill No. B13/4/1 raised. Avon Pharmaceuticals have immediately settled Rs.2,50,000 by way of cheque and the balance will be paid after 30 days. The cheque received is deposited into Bank.
- 30 Salary of one receptionist @ Rs.5,000 per month and one officer Rs. 10,000 per month. The salary for the current month is payable to them.

During a period, 100 units of the product were produced, the actual labour cost of which was as follows :

Types of workers	Hours	Rate (Rs.)	Amount (Rs.)
A	3,200	1.50	4,800
B	1,900	4.00	7,600
	<u>5,100</u>		<u>12,400</u>

Calculate:

- (a) Labour cost variance
(b) Labour Rate variance
(c) Labour Efficiency variance
(d) Labour mix variance

PART C — (1 × 15 = 15 marks)

Answer the following.

(Compulsory)

17. Prepare trading and profit and loss account and balance sheet from the following particulars as of March 31, 2022.

Account Title	Debit Amount ₹	Credit Amount ₹
Purchases and Sales	3,52,000	5,60,000
Return inwards and Return outwards	9,600	12,000
Carriage inwards	7,000	

- (c) Bonus shares at 2 for every 5 equity shares were issued out of accumulated reserve is surplus.
- (d) Out of the proposed dividend of ₹32,500 for 2018 only ₹30,000 were paid in 2019 and in addition to that an interim dividend for ₹25,000 was paid in the same year.
- (e) Debenture Interest paid ₹3,000.

Prepare Fund flow statement and statement of changes in working capital of the company For the year ending 31.12.2023.

14. Explain the significance and objective of breakeven chart and state the factors which would cause the breakeven point to change.

15. Illustrate cost concepts relating to profit planning.

16. India Ltd. Manufactures a particular product, the standard direct labour cost of which is Rs. 120 per unit whose manufacture involves the following :

Types of workers Hours Rate Amount

(Rs.) (Rs.)

A	30	2	60
B	20	3	60
	50		120
	8		

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11. On 1st April 2014, merchant purchased furniture costing Rs.55,000. It is estimated that its life is 10 years at the end of which it will be sold Rs.5,000. Additions are made on 1st April 2015 and 1st October 2017 to the value of Rs.9,500 and Rs.8,400 (Residual values Rs.500 and Rs.400 respectively). Show the Furniture Account for the first four years, if Depreciation is written off according to the Straight Line Method.

12. The following are the ratios relating to the activities of National Traders Ltd:

Debtor velocity (months)	3
Stock velocity (months)	8
Creditors velocity (months)	2
Gross profit ratio(%)	25

Gross profit for the current year ended December 31 amounts to Rs. 4 lakhs. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amount to Rs.25,000 and bills payable to Rs. 10,000. Find out

- (a) Sales
- (b) Sundry debtors
- (c) Closing stock
- (d) Sundry Creditors

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13. The following are the condensed Balanced Sheet of B Ltd. At the end of 31st March, 2022 and 2023.

Balance Sheet

Particulars	31.03.22	31.03.23
	Rs.	Rs.
1. EQUITY AND LIABILITIES		
(a) Share Capital (Equity shares of ₹ 10 each fully paid)	2,50,000	3,50,000
(b) reserves and surplus	1,50,000	1,40,000
2. Non-current liabilities		
(a) Long term Borrowings I. 6% Debentures	50,000	20,000
(b) Long-term provision I. Provision for depreciation	80,000	1,00,000
3. Current liabilities		
(a) Trade payable	1,16,500	1,33,000
(b) Other current liabilities		
(i) Outstanding expenses	7,000	15,000
(ii) Unpaid dividend	—	2,500
(c) Short-term provision		
(i) Provision for tax	30,000	25,000
(ii) Provision for bad debt	13,000	18,000
Total	6,96,500	8,03,500

Particulars

31.03.22 31.03.23

Rs. Rs.

2) ASSETS

1. Non-current Assets		
(a) Property, Plant and Equipment		
(i) Land and Building	1,25,000	1,25,000
(ii) Plant and Machinery	2,40,000	3,60,000
2. Current Assets		
(a) Inventory	1,90,000	1,93,000
(b) Trade Receivable	86,000	1,05,000
(c) Cash and Cash Equivalents	30,500	5,500
(d) Other Current Assets – Debenture Issue Expenses	25,000	15,000
Total	6,96,500	8,03,500

Additional information

- Income tax paid in 2019 was ₹35,000.
- An old machine was sold for ₹ 44,000, the cost and written down value of which was ₹60,000 and ₹40,000 respectively.