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I Semester M.B.A.(DAY & Evening) Degree Examination, June/July- 2024

MANAGEMENT

Managerial Accounting

(CBCS Scheme 2019 Onwards)

Paper : 1.2

Time : 3 Hours

Maximum Marks : 70

SECTION -A

Answer any Five questions from the following. Each question carries 5 marks.(5×5=25)

1. What is IFRS? Write a note on need of convergence with IFRSs.
2. Explain in detail the various concepts and conventions which influence preparation of financial statements.
3. What is meant by 'Cost Reduction'? How do you distinguish it from 'Cost Control'?
4. From the following particulars calculate (i) Contribution (ii) P/V Ratio (iii) Break even point in units and in rupees. (iv) What will be the selling price per unit if the break even point is brought down to 75000 units? (v) How many units are to be sold to earn a profit of 20% on sales?

Fixed Expenses Rs. 4,50,000; Variable Cost per unit Rs. 30; Selling price per unit Rs. 45.

5. Discuss briefly the objectives and limitations of budgetary Control.

[P.T.O.]



6. Following is the Balance Sheet of Prajwal Ltd for the year 2023. As a financial manager you are required to read and interpret the financial worthiness of the company.

I EQUITY AND LIABILITIES		Rs. in crores
1.	Shareholder's Funds	
	Equity Share Capital	294
	Reserves and Surplus	8,259
		8,553
2.	Non-Current Liabilities	
	Long Term Borrowings	19,500
	Other Long Term Liabilities	1,200
		20,700
3.	Current Liabilities	
	Short Term Borrowings	1,145
	Trade payables	750
		1,895
	Total Equity and Liabilities	31,148
II ASSETS		
1.	Non Current Assets	
	Tangible	5,700
	Intangible	1,200
	Long Term Loans and Advances	19,000
		25,900
2.	Current Assets	
	Inventories	3,500
	Trade Receivables	1,748
		5,248
	Total Assets	31,148



7. On January 01, 2017, a company purchased a second hand plant costing Rs. 4,00,000 and spent Rs. 20,000 on its overhauling. It also spent Rs. 10,000 on transportation and installation of the plant. It was decided to provide for depreciation at 20% on written down value. The plant was destroyed by fire on July 31st 2020 and an insurance claim of Rs. 1,00,000 was admitted by the insurance company. Prepare Plant A/c assuming that the company closes its books on December 31st every year.

SECTION - B

Answer any Three questions from the following. Each questions carriers 10 marks.
(3×10=30)

8. Explain the importance of Financial Reporting for managerial decisions with suitable Examples.
9. A company prepares a flexible budget on the basis of the following information for the year 2022-23.

Direct Materials-Rs. 1,20,000; Direct Labour Rs.80,000; Direct expenses-Rs.40,000; Machine expenses Rs. 20,000; Motive power Rs.20,000; Factory Overhead (80% fixed) Rs.16,000, Office overhead (60% fixed) Rs.24,000; Selling Overhead (50% fixed) Rs.8,000; Sales(selling price being Rs.200 per unit) Rs.4,00,000.

During the year all the units produced were sold and the factory was working at 60% capacity. The flexible budget is to be prepared with the capacity of 75% and the price of direct materials will increase by 20% and the wages will increase by 10%.

10. From the following information relating to Akash Ltd. Prepare Balance Sheet as on 31-12-2023 and interpret the same.
- (i) Current Ratio - 2.5
- (ii) Liquid Ratio - 1.5
- (iii) Net Working Capital - Rs. 6,00,000



(iv) Cost of Sales/Closing Stock - 8 times

(v) GP Ratio - 20%

(vi) Average Debt Collection Period - 1.5 months

(vii) Fixed Assets/Shareholder's Networth - 0.75

(viii) Reserves and Surplus /Share Capital - 0.50

11. From the following balance sheet of ABC Ltd. Prepare Cash Flow Statement.

Liabilities	2022	2023	Assets	2022	2023
	Rs.	Rs.		Rs.	Rs.
Equity Share Capital	6,00,000	8,00,000	Goodwill	2,30,000	1,80,000
			Land and Buildings	4,00,000	3,40,000
8% Redeemable Preference Share Capital	3,00,000	2,00,000	Plant	1,60,000	4,00,000
			Debtors	3,20,000	4,00,000
General Reserve	80,000	1,40,000	Stock	1,54,000	2,18,000
Surplus A/c	60,000	96,000	Bills Receivable	40,000	60,000
Proposed Dividend	84,000	1,00,000	Cash in Hand	30,000	20,000
Creditors	1,10,000	1,66,000	Cash at Bank	20,000	16,000



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Bills Payable	40,000	32,000		
Provision for Taxation	80,000	1,00,000		
	13,54,000	16,34,000	13,54,000	16,34,000

Additional Information:

- (i) Depreciation of Rs. 20,000 and Rs. 40,000 have been charged Plant and Land and Building respectively in 2023.
- (ii) Interim Dividend of Rs. 40,000 has been paid in 2023.
- (iii) Income Tax Rs. 70,000 has been paid during the year 2023.

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

A limited company was registered with an authorized capital of Rs. 60,00,000 in equity shares of 20 each. Following is the list of balances extracted from its books on 31-3-2024:

Particulars	Amount	Particulars	Amount
Purchases	18,50,000	General Expenses	1,68,350
Wages	8,48,650	Stock on 1-4-2023	7,50,000
Manufacturing Expenses	1,31,150	Goodwill	2,00,000
Salaries	1,40,000	Cash in Hand	57,500
Bad Debts	21,100	Cash at Bank	4,44,000

[P.T.O.]



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Directors' Fees	67,250	Subscribed and fully paid capital	40,00,000
Debentures Interest paid	90,000	Surplus Account	1,45,000
		(Credit balance)	
Calls in Arrear	75,000		
Plants and Machinery	30,00,000	6% Debentures	30,00,000
Premises	33,00,000	Sundry Creditors	5,80,000
Interim Dividend paid	3,75,000	Bills Payable	3,35,000
Furniture and Fixtures	70,000	Sales	41,50,000
Sundry Debtors	8,72,000	General Reserve	2,50,000

Prepare the financial statements of the company as on 31st March 2024 as per Schedule III of the Company's Act, 2013. Take into consideration the following adjustments:



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- a) Depreciate Plant and Machinery by 10%.
 - b) Provide half year's interest on debentures.
 - c) Make provision for bad and doubtful debts Rs. 8,500 on sundry debtors.
 - d) Stock on 31st March, 2024 Rs. 9,10,000.
 - e) Corporate dividend tax is to be ignored.
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