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Sr. No. of Question Paper : 4001

Roll No.....

Unique Paper Code : 12481102

Name of the Course : B.A. (Hons) Business Economics, 2015 (CBCS)

Name of the Paper : Accounting for Managers

Semester : I

Duration : 3 Hours

Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Questions No. 1 is compulsory.
3. Attempt **any four** questions from the rest.
4. All questions carry equal marks.
5. Use of Simple calculator is allowed.

1. Attempt any **three** of the following:

- (a) Key features of IFRS
- (b) Money Measurement Principle
- (c) Debt – equity ratio
- (d) Elements of cost.

(3×5=15)

P.T.O.

2. The following is the Trial Balance of a trader as on 31<sup>st</sup> March, 2020:

Particulars	Debit (Rs.)	Credit(Rs.)
Cash in hand	5,000	
Land and Building	80,000	
Plant and Machinery	50,000	
Debtors and Creditors	25,000	40,000
Stock on 1-4-2019	10,000	
5 % Investments on 1-4-2019	20,000	
Purchases and Sales	95,000	1,90,000
Bank Overdraft		20,000
Wages	28,000	
Salaries	16,000	
Rent, Rates and Taxes	15,000	
Bad Debts	6,000	
Drawings	5,000	
B/R and B/P	15,000	21,000
Carriage inwards	6,000	
Customs Duty on Purchases	16,000	
Fire insurance	4,000	
Advertisement	30,000	
Provision for Doubtful Debts		2,000
Interest on investments		2,000
Sundry expenses	11,000	
Furniture	20,000	
Sales Tax		25,000
Capital		1,57,000
Total	4,57,000	4,57,000

## Additional Information:

- (i) Stock on 31<sup>st</sup> March, 2020 was valued at Rs. 40,000
- (ii) Included in debtors, are Rs. 8,000 due from Ram and included in creditors are Rs. 6,000 due towards Ram.
- (iii) Bills receivables include a bill of Rs. 5,000 received from Mohan, which has been dishonoured.
- (iv) Sales include Rs. 5,000 for the goods sold on approval basis. Approval was not received till 31<sup>st</sup> March. Goods are sold at a profit of 25% on cost.
- (v) Wages include Rs. 5,000 spent on the erection of machinery on 1-4-2019
- (vi) Create a provision for doubtful debts at 5% on debtors
- (vii) Prepaid rates and taxes amounted to Rs. 2,000
- (viii) Depreciate machinery by 10%

Prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2020 and a Balance Sheet as on that date. (15)

3. (a) The particulars of ABC Ltd of a year are as under:

Opening stock of Raw Materials	Rs.72,000
Purchases of Raw Materials	Rs.1,72,000
Freight on Purchases	Rs.6,000
Closing stock of Raw Materials	Rs.30,000
Sale of scrap of Raw Materials	Rs.10,000
Direct wages	Rs.1,30,000
Abnormal idle Time	Rs.10,000
Chargeable Expenses	Rs.50,000
Factory Overhead-20% of wages	
Office Overhead- 50% of factory overheads	

Prepare a Cost Sheet.

(10)

- (b) What do you understand by Absorption Costing. What are its advantages and disadvantages? (5)

4. Presented below is the comparative Balance Sheet for X ltd. As on 31<sup>st</sup> March:

Particulars	2015	2014
	Rs	Rs
Cash	40,000	57,000
Accounts Receivable	77,000	64,000
Inventory	1,32,000	1,40,000
Prepaid expenses	12,140	16,540
Land	1,25,000	1,50,000
Equipment	2,00,000	1,75,000
Accumulated Depreciation-Equipment	(60,000)	(42,000)
Building	2,50,000	2,50,000
Accumulated Depreciation-Building	(75,000)	(50,000)
<b>Total</b>	<b>7,01,140</b>	<b>7,60,540</b>
Accounts Payable	33,000	45,000
Bonds Payable	2,35,000	2,65,000
Equity share capital (Rs 10 shares)	2,80,000	2,50,000
Retained Earnings	1,53,140	2,00,540
<b>Total</b>	<b>7,01,140</b>	<b>7,60,540</b>

Additional information:

- (i) Operating expenses include depreciation expense of Rs. 70,000 and amortization of prepaid expenses of Rs. 4,400.
- (ii) Land was sold for cash at book value.

- (iii) Cash dividends of Rs 74,290 were paid.
- (iv) Net income for 2015 was Rs 26,890.
- (v) Equipment was purchased for Rs, 65,000 cash. In addition equipment costing Rs. 40,000 with a book value of Rs. 13,000 was sold for Rs. 15,000 cash.
- (vi) Bonds were redeemed at face value by issuing 3,000 equity shares of Rs. 10 at par.

Prepare a statement of Cash flows for 2015 using indirect method. (15)

5. The following data relates to the working of a factory for the current year:

At 60 % Capacity

<b>Fixed Cost:</b>	<b>(in Rs.)</b>
Depreciation	16,500
Salaries	15,000
Other Administrative expenses	4,500
<b>Variable Cost:</b>	
Material	6,000
Wages	18,000
<b>Semi-Variable Cost:</b>	
Electricity(60% variable)	30, 000
Repairs(20% variable)	3,000

Proposed sales at 60% level of plant capacity are Rs. 1,20,000.

Prepare a Flexible Budget and show the forecast of profit at 60%, 75%,90%,100% levels of sales assuming that there will be no closing stock and entire production will be sold. (15)

OR

What do you understand by Performance Budgeting. Discuss in detail the steps involved. (15)

6. (a) The sales and profit figures of XYZ ltd. For two successive years are as follows:

	Previous Year	Current Year
Number of units sold	15000	20500
Sales (in Rs. Lakhs)	3750	5125
Profit / Loss (in Rs. Lakhs)	825	1178.75

Based on the above information in sales and profit/ loss you are required to determine the following:

- (a) The amount of fixed costs incurred by the firm
- (b) The breakeven point for the firm (in Rs. and in units)
- (c) The amount of sales required to earn a profit of Rs. 25 crores
- (d) Margin of safety if actual sales are Rs. 17.5 crores (10)
- (b) State the cost and non-cost considerations for taking a decision in favour or against the shut- down of manufacturing operations in a factory (5)