

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

FIRST SEMESTER MBA DEGREE EXAMINATION (Regular), FEBRUARY 2022**(2021 Scheme)****Course Code :** 21MBA111**Course Name:** ACCOUNTING FOR MANAGERS**Max. Marks :** 60**Duration: 3 Hours****PART A***(Answer all questions. Each question carries 2 marks)*

- | | Marks |
|--|--------------|
| 1. Discuss GAAP? | 2 |
| 2. What are fictitious assets? | 2 |
| 3. Briefly illustrate the leverage ratios? | 2 |
| 4. Compare “Funds” and “Flow”? | 2 |
| 5. Classify cost based on behaviour? | 2 |

PART B*(Answer any 3 questions. Each question carries 10 marks)*

- | | Mark |
|---|-------------|
| 6. Explain the concepts and conventions under the Accounting Principles? | 10 |
| 7. Prepare a fund flow statement and statement of changes in working capital from the following particulars furnished by X limited company. | |

| Balance Sheet for X Company Ltd. (Rs. in lakhs) | | |
|---|-------------|-------------|
| <i>Owner's Equity and Liabilities</i> | <i>2018</i> | <i>2019</i> |
| Share Capital | 50 | 50 |
| Reserves and Surplus | 60 | 70 |
| Long-term debt | 95 | 80 |
| Short term bank borrowings | 70 | 80 |
| Trade creditors | 50 | 60 |
| Provisions | 20 | 15 |
| | 345 | 355 |
| <i>Assets</i> | <i>2018</i> | <i>2019</i> |
| Fixed Assets | 180 | 190 |
| Inventories | 70 | 60 |
| Debtors | 60 | 70 |
| Cash | 20 | 15 |
| Other assets | 15 | 20 |
| | 345 | 355 |

10

Dr Income Statement of X Company Ltd. for the year 2019 (Rs.)

| | Lakhs) | Cr | |
|--------------------------|--------|-------|-----|
| Costs of goods sold | 520 | Sales | 800 |
| Operational expenses | 150 | | |
| Non-operational expenses | 50 | | |
| Interest | 30 | | |
| Tax | 20 | | |
| Dividend | 20 | | |
| Balance Carried down | 10 | | |
| | 800 | | 800 |

8. What is CVP analysis? Recommend Key takeaways from CVP Analysis? 10

9. Given below are some information regarding Y Ltd. You are also provided with some key ratios for the particular industry to which Y Ltd. belongs. You are required to calculate the relevant ratios of X Ltd., compare them with the industry norms and give your comments on the performance of the company.

| Balance Sheet of Y Ltd. As on 31-3-2019 | | | |
|--|---------------|------------------|---------------|
| Liabilities | Rs. | Asset | Rs. |
| Equity share capital | 25,00,00 0 | Net fixed assets | 15,00,00 0 |
| 10% debentures | 6,00,000 | Cash | 5,00,000 |
| Sundry creditors | 4,00,000 | Sundry debtors | 7,50,000 |
| Bills payable | 3,50,000 | Stock | 12,50,00 0 |
| Other current liabilities | 1,50,000 | | |
| | 40,00,00 0 | | 40,00,00 0 |

The sales of the company for the year ending 31-3-2019 amounted to Rs.60,00,000 and the gross profit was Rs.17,00,000.

| Industry Norms | Ratios Considered |
|-----------------------|--------------------------|
| Current Ratio | 2.50 |
| Sales/ Debtors | 7.50 |
| Sales/ Stock | 8.00 |
| Sales/ Total Assets | 2.50 |
| Gross Profit Ratio | 35% |

10. ABC Ltd. was incorporated on 1 November 2020 to take over business of XYZ Ltd. from 01/04/2020. Given below is the P&L for the year ended 31/03/2021 for XYZ Ltd. Construct a P&L account by apportioning the items appropriately. Average sales during pre-incorporation period was 50000/Month and post incorporation period was 60000/Month.

| | |
|----------------------|--------|
| Gross profit | 800000 |
| Salary | 80000 |
| Depreciation | 10000 |
| Rent | 30000 |
| Preliminary expenses | 15000 |
| Director fee | 20000 |
| Share issue expenses | 30000 |
| Debenture interest | 50000 |
| Advertising expenses | 100000 |

| | |
|------------|--------|
| Net profit | 465000 |
|------------|--------|

PART C

(Compulsory question, the question carries 20 marks)

11. Assess the following trial balance and prepare Final Accounts (as per company accounts format) of a startup – FNF Cabs.

Mark

20

| TRIAL BALANCE as on 31 Mar 2016 | | Amt. in Rs |
|--|---------------------|---------------------|
| Particulars | Debit | Credit |
| Capital Account | | 6,500,000.00 |
| Cash Account | 5,861,500.00 | |
| HDFC Bank Current Account | 1,394,500.00 | |
| Bank Overdraft Account | | 984,500.00 |
| Vehicle Account | 350,000.00 | |
| Furniture Account | 110,000.00 | |
| Sundry Debtors Account | 51,375.00 | |
| Sundry Creditors Account | | 100,000.00 |
| HDFC Term Loan Account | | 280,000.00 |
| Purchases Account | 881,000.00 | |
| Sales Account | | 820,875.00 |
| Showroom Inauguration Expenses Account | 10,000.00 | |
| Salary Account | 10,000.00 | |
| Rent Account | 12,000.00 | |
| Petrol Expenses | 5,000.00 | |
| TOTAL | 8,685,375.00 | 8,685,375.00 |

Adjustments

Petrol expense involve Rs. 2000 for carriage inwards and rest of expense for carriage outwards.

Outstanding salary Rs. 1500

Out of the rent paid, Rs.500 is for next year

An additional bad debt of Rs. 3000 have to be recorded

Provision for doubtful debt 5% of debtors

Closing stock Rs. 70000
