Particulars	Rs.
Materials used in manufacturing	5,500
Materials used in packing materials	1,000
Materials used in selling the product	150
Materials used in the factory	75
Materials used in office	125
Labour required in producing	1,000
Labour required for supervision of the management-Factory	200
Expenses-Direct-Factory	500
Expenses-Indirect-Factory	100
Expenses-Office	125
Depreciation-Office Building and Equipment	75
Depreciation-Factory	175
Selling Expenses	350
Freight	500
Advertising	125

Assuming that all the products manufactured are sold, what should be the selling price to obtain a profit of 25% on selling price by preparing a cost sheet? (10)

6. Explain any **three** out of **four** : (3×6)

(i) Absorption costing and its limitations

(ii) Fixed budget vs. flexible budget

(iii) Dual concept

(iv) IFRS

(1000)

[This question paper contains 8 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 2100 **I**

Unique Paper Code : 2922101102

Name of the Paper : Accounting for Managers

Name of the Course : **B.A. (H) Business Economics 2024 (NEP)**

Semester : I

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

2. There are **six** questions. Attempt any **five** questions.

3. Use of Non-Scientificl Calculator is allowed

4. If any assumptions are made while attempting a problem, the same must be stated clearly.

1. (a) State whether each of the following statements is 'True' or 'False'. Give reasons for the same.

   (i) The accounting entity is considered to be separate and apart from its owner.

   (ii) Wages outstanding is a nominal account.

   (iii) Since the life of the business is assumed to be indefinite, the financial statements of the business should be prepared only when it goes into liquidation.

   (iv) Sunk costs are relevant costs.

   (v) A Fixed budget is concerned with budgeting of fixed assets.

   (vi) Fixed cost per unit remains constant. (6×2)

   (b) Distinguish between Cost Accounting and Management Accounting. (6)

2. From the Following Trial Balance of M/s Tarun Ltd. As on 31.3.2024, you are required to prepare the Trading and P&L Account and Balance Sheet for the year ended 31.3.2024.

(b) The P/V ratio of Delta Ltd. is 50% and margin of safety is 40%. The company sold 500 units for Rs.5,00,000. You are required to calculate:

   (i) Break-even point in units and rupees

   (ii) Fixed Cost

   (iii) Profit at present level of sales

   (iv) Desired sales in units to earn a profit of 10% of sales. (8)

5. (a) The standard cost card reveals the following information :

Standard Labour rate	50 paise per hour
Standard hours required per unit	10 hours

Actual data are given below :

Unit produced	500
Standard Hours worked	6000
Actual Labour Cost	Rs.2,400

Calculate Labour Cost Variance and Labour Rate variance. (8)

(b) The cost of sale of product A is made up as follows :

Sales for the Year 5,60,000

Tax paid during the Year 40,000

Profit for the current Year after interest and tax 80,000

(10)

4. (a) A Company has an installed production capacity of 100000 units and presently it is working at 70% capacity. As the production capacity increases, cost per unit decreases as follows :

Capacity utilization	Cost per unit (Rs.)
70%	97
80%	92
90%	87
100%	82

The company has received three export orders from different countries as under:

Country A- 5000 units at Rs.55 per unit

Country B- 10000 units at Rs.52 per unit

Country C- 10000 units at Rs.51 per unit

Advise the company whether any or all orders should be accepted or not. (10)

Particulars	Dr. (Rs.)	Cr.(Rs.)
Purchase and sales	3,10,000	4,15,000
Stock of goods on 1.4.2023	50,000	
Cash in hand	2,100	
Cash at bank	12,000	
Tarun's capital		2,88,600
Drawings	4,000	
Rates and taxes	5,000	
Salaries	32,000	
Postage and telephone	11,500	
Salesman Commission	35,000	
Insurance	9,000	
Advertising	17,000	
Furniture and fittings	22,000	
Printing and stationary	3,000	
Motor car	48,000	
Bad debts	2,000	
Cash discounts	4,000	
General expenses	14,000	
Carriage Inwards	10,000	
Carriage outwards	22,000	
Wages	20,000	
Outstanding liability for expenses	11,000	
Sundry Creditors		40,000
Sundry Debtors	1,00,000	
Grand Total	7,43,600	7,43,600

Additional Information :

(i) Cost of the goods in stock on 31.3.2024 was Rs. 1,45,000.

(ii) Mr. Tarun had withdrawn goods worth Rs. 5,000 during the year.

(iii) Printing and stationary expenses of Rs. 11,000 relating to the previous accounting year had not been provided in that year but were paid during the current year by debiting the outstanding liability for expenses.

(iv) Purchases include purchase of furniture worth Rs. 10,000.

(v) Debtors include Rs.5,000 of bad debts.

(vi) Creditors include a balance of Rs.5,000 to the credit of LM Corporation in respect of which it has been decided and settled with the party to pay only Rs. 1,000.

(vii) Sales include goods worth Rs. 15,000 sent out to SM Corporation on approval and remaining unsold on 31.3.2024. The cost of goods was Rs. 10,000.

(viii) The provision for bad debts is to be created at 5% on Sundry debtors.

(ix) Depreciate furniture and fittings by 10% and motor car by 20%.

(x) The salesmen are entitled to a commission of 10% on total sales. (18)

3. (a) Calculation of Profits is sufficient to determine and explain the performance of a business. Do you agree? What are the objectives of preparing a Cash Flow Statement? Describe the components of a cash Flow Statement as per AS-3 Revised. (8)

(b) From the following information calculate the following ratios :

(i) Debt-Equity ratio

(ii) Interest Coverage ratio

(iii) Debt to Total Funds ratio

(iv) Proprietary ratio

(v) Return on Investments

(vi) Capital Turnover ratio

Information :	**Rs.**
Share Capital	1,60,000
General Reserve	60,000
Profit and loss account	1,00,000
Loan @ 15% interest	2,00,000