[This question paper contains 8 printed pages.]

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

Sr. No. of Question Paper : 5179 **K**

Unique Paper Code : 2922101102

Name of the Paper : Accounting for Managers

Name of the Course : **B.A. (Hons.) Business Economics (BBE)**

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. **All** questions are compulsory.

Question 1. From the following particulars prepare the Trading and Profit and Loss Account of M/S JK Ltd. For the year ended 31.3.2025 and a Balance Sheet as on that date: (18 marks)

Particulars	Debit Amount	Credit Amount
Building	5,00,000	-
Machineries	2,00,000	-
Furniture	1,00,000	-
Cash at Bank	90,000	-
Cash in Hand	10,000	-
18% p.a. loan obtained by M/S JK Ltd. on 1.6.2024 on mortgage of the building	-	3,00,000

Mr. JK's Capital	-	5,20,000
Sundry Debtors/Sund Creditors	5,00,000	4,00,000
Stock on 1.4.2024	1,20,000	-
Purchases/ Sales	25,00,000	32,20,000
Sales Return/Purchases Retur	1,20,000	1,00,000
Rent	60,000	-
Establishment Expenses	1,80,000	-
Electricity Charges	15,000	-
Telephone Charges	10,000	-
Commission on Sales	30,000	-
Insurance Premium	10,000	-
Bad Debts	20,000	-
Bills Receivable	75,000	-
	45,40,000	**45,40,000**

You are required to

i. Provide for depreciation on buildings at 5% p.a.; on machinery at 25% p.a.; on furniture at 10% p.a.

ii. Provision for bad and doubtful debts is to be made at 5% on sundry debtors.

iii. M/S JK's manager is entitled to a commission of 10% on the net profit after charging his commission.

iv. Closing stock was not taken on 31.3.2025 but only on 7.4.2025. Following transactions took place during the period from 1.4.2025 to 7 April, 2025. Sales Rs. 2,50,000, purchases 1,50,000, stock on 7 April 2025 was Rs. 1,80,000 and the rate of gross profit on sales was 20%.

v. Insurance premium mentioned in the trial balance was in respect of building and machinery.

vi. Interest on mortgage loans to be provided up to 31.3.2025

Question 2.

a) The balance sheet of PQR Ltd. is given as under for the year ending 31st March, 2023:

(18 marks)

Liabilities	Amount	Assets	Amount
Equity share capital	3,00,000	Goodwill	2,00,000
Reserve fund	1,50,000	Land & building	3,00,000
8% debentures	2,00,000	Plant & Machinery	2,50,000
Mortgage Loan	4,00,000	Patents	50,000
Sundry Creditors	50,000	Stock	1,50,000
Bills Payable	25,000	Sundry Debtors	1,00,000
Bank Overdraft	40,000	Bills Receivable	80,000
Outstanding Expenses	10,000	Marketable securities	18,000
Tax liabilities	15,000	Cash balance	40,000
		Prepaid expenses	2,000
	11,90,000		**11,90,000**

Purchases are ₹ 3,00,000 and sales are ₹ 5,00,000. From the information calculate:

i. Current ratio
ii. Inventory turnover ratio
iii. Average payment period
iv. Creditors' turnover ratio
v. Debtors' turnover ratio
vi. Acid test ratio
vii. Average collection periodOn the basis of analysis, comment on the Cash Management of the firm

Or

(a) From the information given, calculate the following ratios: (8 marks)

i. Current ratio

ii. Quick ratio

iii. Stock turnover ratio

iv. Debt equity ratio

Particulars	Amount (Rs)
Current Assets	₹ 5,00,000
Opening Stock	₹50,000
Closing Stock	₹ 1,50,000
Cost of goods sold	₹12,00,000
Gross Profit	₹ 2,00,000
Indirect Expenses	₹20,000
Equity Share Capital	₹7,00,000
10% Preference Share Capital	₹3,00,000
12% Debentures	₹2,00,000
Current Liabilities	₹2,00,000
General Reserve	₹1,00,000.

(b) Balance sheet of ABC Co. as on 31/03/2022 and 31/03/2023 were as follows: (10 marks)

Liabilities	**31/03/2022**	**31/03/2023**	**Assets**	**31/03/2022**	**31/03/2023**
Capital	1,25,000	1,53,000	Land	40,000	50,000
Loan from bank	40,000	50,000	Building	35,000	60,000
Mrs. A loan	25,000	-----	Machinery	80,000	55,000
Creditors	40,000	44,000	Stock	35,000	25,000
			Debtors	30,000	50,000
			Cash	10,000	7,000
	2,30,000	**2,47,000**		**2,30,000**	**2,47,000**

During the year a machine costing ₹ 10,000 (accumulated depreciation `₹3,000) was sold for ` ₹5,000. Deprecation provided during the year was ₹ 18,000. Net profit for the year amounted to ₹ 45,000. You are required to prepare Cash Flow Statement. Assets of another company were purchased for a consideration of ₹28000 were payable by shares & rest ₹ 17000 were given by cash.

Question 3.

A company manufacturers 2 types of products A & B. its budget shows profit figures after apportioning the fixed cost of ₹ 15 lacs in the proportion of the number of units sold. The budget for 2024 indicates: (18 marks)

Particulars	A	B
Profit (₹)	1,50,000	30,000
Selling price per unit (₹)	200	120
P/V ratio (%)	40	50

You are required to advise on the best option among the following, if the company expects that the number of units to be sold are equal.

i. Due to exchange in the manufacturing process, the joint fixed cost would be reduced by 15% and the variables would be increased by 7.5%.
ii. Price of A could be increased by 20% as it is expected that the price elasticity of the demand would be unity over the range of price.
iii. Simultaneous introduction of both the option mentioned above (i) and (ii).

Question 4. (10 marks)

a) The expenses for the budget production of 10,000 units in a factory are furnished below:

Particulars	Amount (Per unit) ₹
Material	₹70
Labour	₹25
Variable overheads	₹20

Fixed overheads	₹10
Variable expenses (direct)	₹5
Selling expenses (10% fixed)	₹13
Distribution expense (20% fixed)	₹7
Administrative expenses (100% fixed)	₹5
TOTAL	**₹155**

Prepare a budget of production of 6000 units .

b) Calculate the material mix variance (8 marks)

	STANDARD		ACTUAL	
	UNITS	PRICE (₹)	UNITS	PRICE (₹)
MATERIAL A	60	5	50	6
MATERIAL B	40	10	50	8
	100 UNITS		100 UNITS	

Or

The standard cost (per unit) of a product is as under: (18 marks)

Direct Material	5 Kgs @ Rs. 4.20 per Kg	Rs. 21
Direct Labour	3 hours @ Rs. 3.00 per hour	Rs. 9
Factory Overhead	Rs. 1.2 per labour hour	Rs. 3.6
	Total Manufacturing Cost	Rs. 33.60

The production schedule for the month of December, 2024, required the completion of 40,000 units. However, 40,960 units were completed during the month, without opening and closing work in progress inventories.

Purchase during the month of December were: 2,25,000 kgs of material at the rate of Rs. 4.5 per Kg. Production and Sales records for the month showed the following actual results:

Material Used 2,05,600 Kgs @4.5 per Kg	Rs. 9,25,200
Direct Labour 1,21,200 hours	Rs. 3,87,840
Total Factory Overhead cost incurred	Rs. 1,00,000
Sales	40,000 units

Calculate:

i. Material Cost Variance
ii. Material Price Variance
iii. Material Usage Variance
iv. Labour Cost Variance
v. Labour Rate Variance
vi. Labour Efficiency Variance

Question 5.

Write a short note on any 3 of the following (6*3 = 18 marks)

i. Fixed vs Flexible Budgets
ii. IFRS
iii. Limitations of Ratio analysis
iv. Financial accounting vs Managerial accounting