[This question paper contains 12 printed pages.]

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

Sr. No. of Question Paper : 590 **G**

Unique Paper Code : 2922101102

Name of the Paper : Accounting For Managers

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

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. This paper contains **6** questions.

3. Attempt **ANY FIVE** questions.

4. All questions carry equal marks.

5. Use of simple calculator is permitted.

1. Write Short notes on **(Any Three)** of the following :

   (a) Money measurement and Revenue recognition principle

   (b) Break-Even Point

   (c) Limitations of financial accounting

   (d) Absorption costing vs. marginal costing (3×6)

2. From the following Trial Balance and additional information, prepare the Trading and Profit and Loss Account of M/s. PQR Ltd. for the year ended 31st March 2022 and a Balance Sheet as on that date :

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Capital		1,00,000
Drawings	12,000	-
Land and Buildings	90,000	-
Plant and Machinery	20,000	-
Furniture	5,000	-
Sales	-	1,40,000
Returns Outward	-	4,000
Debtors	18,400	-
Loan from Gopal on 1.7.2021 at 6% p.a.	-	30,000
Purchases	80,000	-
Returns Inward	5,000	-
Carriage	10,000	-

Sundry Expenses	600	-
Printing and Stationary	500	-
Insurance Expenses	1,000	-
Provision for Doubtful Debts	-	1,000
Provision for Discount on Debtors	-	380
Bad Debts	400	-
Profit of Textile Department	-	10,000
Stock of general goods on 1.4.2021	21,300	-
Salaries and Wages	18,500	-
Creditors	-	12,000
Trade Debtors	800	-
Stock of Textile Goods on 31.3.2022	8,000	-
Cash at Bank	4,600	-
Cash in Hand	1,280	-
	2,97,000	**2,97,000**

Additional Information :

(i) Stock of General goods on 31st March, 2022 valued at Rs. 27,300.

(ii) Fire occurred on 23rd March, 2022 and Rs. 10,000 worth of general goods were destroyed. The Insurance Company accepted claim for Rs. 6,000 only and paid the claim money on 10th April, 2022.

(iii) Bad Debts amounting to Rs. 400 are to be written off. Provision for Bad and doubtful debts is to be made at 5% and for discount at 2% on debtors. Make a provision of 2% on creditors for discount.

(iv) Received Rs. 6,000 worth of goods on 27th March, 2022 but the invoice of purchase was not recorded in Purchases Book.

(v) The proprietor took away goods worth Rs. 2,000 for personal use but no record was made thereof.

(vi) Charge depreciation at 2% on Land and Buildings, 20% on Plant and Machinery, and 5% on Furniture.

(vii) Insurance prepaid amounts to Rs. 200.

(18)

3. (a) The Expenses for the budget production of 10,000 units in a factory are furnished below:

Particulars	Per Unit (Rs.)
Material	70
Labour	25
Variable Overheads	20
Fixed Overheads (Rs. 1,00,000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	13
Distribution Expenses (20% Fixed)	7
Administration Expenses (Rs. 50,000)	5
Total Cost per Unit	**155**

Assuming administrative expenses are fixed for all levels of production, prepare a budget for the following levels of production :

(i) 8,000 units

(ii) 6,000 units

(iii) 10,000 units.

(b) From the following information calculate (i) Material Cost Variance and (ii) Material Price Variance.

Standard output	100 units
Standard material per unit	3 lbs.
(Standard price per lb.	Rs. 2
(Actual output	80 units
Actual price	Rs. 2.50
Actual materials used	250 lbs.

(12,6)

4. (a) From the following details relating to the Accounts of X Ltd. prepare Cash Flow Statement :

	31-03-2023 Rs.	31-03-2022 Rs.
Liabilities:---		
Share capital	10,00,000	8,00,000
Reserves	2,00,000	1,50,000
Profit and Loss Account	1,00,000	60,000
Debentures	2,00,000	-----------
Provision for taxation	1,00,000	70,000
Proposed dividend	2,00,000	1,00,000
Sundry creditors	7,00,000	8,20,000
	25,00,000	**20,00,000**
Assets:---		
Plant and Machinery	7,00,000	5,00,000
Land and Building	6,00,000	4,00,000
Investments	1,00,000	---------
Sundry debtors	5,00,000	7,00,000
Stock	4,00,000	2,00,000
Cash in hand /bank	2,00,000	2,00,000
	25,00,000	**20,00,000**

(i) Depreciation @25% was charged on the opening value of Plant and Machinery.

(ii) During the year one old machine costing 50,000 (WDV 20,000) was sold for Rs. 35,000.

(iii) Rs.50,000 was paid towards income tax during the year.

(iv) Building under construction was not subject to any depreciation. Prepare Cash flow Statement.

(b) Explain the significance and limitations of ratio analysis. (12,6)

5. (a) The following extract of costing information relates to commodity A for the year ending 31-03-2023 :

Particulars :	**Rs.**
Purchase of raw material	60,000
Direct Wages	50,000
Rent, rates and Insurance	20,000
Carriage Inward	1,000

Stock as on 1-4-2022:

Raw materials	10,000
Finished Products (2,000 units)	8,000

Stock as on 31-03-2023

Raw materials	11,000
Finished Products (4,000 units)	
Work -in -progress as on 1-4-2022	2,400
Work -in-progress as on 31-3-3023	8,000
Cost of factory supervision	4,000
Sale of Finished Products	1,50,000

Advertising, discount allowed and selling costs total Rs. 0.40 per unit sold. 32,000 units of the commodity were produced during the period. Prepare a Cost Sheet to ascertain :

(i) Net Profit

(ii) Selling Price per unit

(b) What are the relevant considerations involved in the cost benefit analysis of make or buy decision? (12,6)

6. (a) The following particulars are taken from the records of a company engaged in manufacturing two products A and B from a certain material :

	Product A (per unit) Rs.	Product B (per unit) Rs.
Sales	2500	5,000
Material Cost(Rs. 50 per Kg)	500	1,250
Direct Labour (Rs. 30 per hour)	750	1,500
Variable Overheads	250	500

Total fixed overheads : Rs. 10,00,000

Comment on the profitability of each product when :

(i) Total sale in value is limited.

(ii) Raw materials is in short supply.

(iii) Production capacity is the limiting factor.

(iv) Total availability of raw materials is 20,000 Kg. and maximum sales potential of each product is 1,000 units. Find the product mix to yield maximum profits.

(b) ABC Ltd. annually manufactures and sells 25,000 units of a product, the selling price of which is Rs. 50 and profit earned is Rs. 10 per unit. The analysis of cost of 25,000 units is :

	Rs.
Material Cost	3,00,000
Labour Cost	1,00,000
Overhead (50% variable)	4,00,000

You are required to calculate :

(i) Break-even sales in units and in Rs.

(ii) Sales required to earn a profit of Rs. 3,50,000

(iii) Profit when 20,000 units are sold.

(12,6)