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Question Paper Code : 63145

M.B.A. DEGREE EXAMINATION, APRIL/MAY 2017.

First Semester

BA 7106 — ACCOUNTING FOR MANAGEMENT

(Regulations 2013)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What do you understand by Revenue Realization Concept?
2. What do you mean by Human Resource Accounting.
3. What is preferential allotment? Write any two precondition for preferential allotment.
4. What are the components of final accounts of a joint stock company?
5. What is Buy-Back of Securities?
6. What is Cost-Volume-Profit analysis?
7. Calculate Debtors Turnover Ratio from the following:
Rs.

Total Sales	2,00,000
Cash sales	40,000
Opening debtors	35,000
Closing Debtors	45,000
8. What is meant by allocation and absorption of overheads?
9. Define what is data validation.
10. Write down the methods of data processing.

PART B — (5 × 13 = 65 marks)

11. (a) Explain the purpose and uses of Human Resource Accounting.

Or

- (b) Mrs. Malathy maintained her account books on single entry system. On 1.4.2014 her capital was Rs.25,00,000.

Additional information:	Rs.
Opening stock	1,40,000
Cash received from sundry debtors	25,000
Cash sales	1,00,000
Cash paid sundry creditors	30,000
Opening Sundry debtors	20,000
Opening Sundry creditors	91,500
Business expenses	60,400
Free hold premises (31.3.2015)	2,00,000
Furniture (31.3.2015)	3,600
Closing stock	1,30,000
Closing Sundry debtors	40,000
Closing Sundry creditors	1,00,000
Closing cash balance	27,500

Prepare trading and profit and loss account for the year ended 31.03.2015 and balance sheet as on that date.

12. (a) From the following financial information of Aditya Mills Ltd., determine the following :

- (i) Gross Profit Ratio
- (ii) Net Profit Ratio
- (iii) Operating Ratio

Balance sheet, March 31, current year.

Liabilities	Amount	Assets	Amount
	(Rs. thousand)		(Rs. thousand)
Equity share capital (Rs. 100 each)	1,000	Plant and equipment	640
Retained earnings	368	Land and buildings	80
Sundry creditors	104	Cash	160

Bills payable	200	Sundry debtors	360	
Other current liabilities	20	Less : allowances	<u>40</u>	320
		Stock		480
		Prepaid insurance		<u>12</u>
	<u>1,692</u>			<u>1,692</u>

Statement of profit, year ended March 31, current year

Particulars	(Rs. thousand)
Sales	4,000
Loss : cost of goods sold	<u>3,080</u>
Gross profit on sales	920
Less : operating expenses	<u>680</u>
Net profit	240
Less : taxes (0.35)	<u>84</u>
Net profit after taxes	156

Sundry debtors and stock at the beginning of the year were rs. 3,00,000 and Rs. 4,00,000 respectively.

Or

- (b) Define goodwill and explain the factors to be considered for valuing the goodwill.

13. (a) Differentiate between Fund Flow statement and Cash Flow Statement.

Or

- (b) Prepare a statement of Funds flow from the following :

Liabilities	2014	2015	Assets	2014	2015
Capital	7,00,000	9,00,000	Land and Building	4,50,000	9,00,000
Profit and loss account	1,50,000	1,90,000	Plant and Machinery	4,70,000	3,30,000
General reserves	75,000	95,000	Stock	1,90,000	2,30,000
Debenture	3,00,000	3,60,000	Debtors	1,35,000	1,15,000
Loan	2,00,000		Cash	1,55,000	1,90,000
Sundry creditors	70,000	95,000	B/R	50,000	25,000

Adjustments :

- Depreciation for Land and building Rs.45,000
- Depreciation for plant and machinery Rs.35,000 ;
- Profit on sale of plant Rs.20,000
- Drawings of capital for the year Rs.50,000.

14. (a) Explain in detail the advantages and disadvantages of budgetary control system.

Or

- (b) The following particulars are obtained from the records of a company manufacturing two products P and R.

Particulars	Product P (per unit)	Product R (per unit)
	Rs.	Rs.
Selling price	200	400
Material cost (Rs. 20 per kg)	70	120
Direct wages (Rs. 6 per hour)	60	140
Variable overhead	30	50

Total fixed overhead is Rs.10,000. Comment on profitability of each product when production capacity in hours is the limiting factor.

15. (a) Explain in detail the role of computers in accounting.

Or

- (b) Describe in detail about the Accounting Softwares.

PART C — (1 × 15 = 15 marks)

16. (a) The following balance has been extracted from the books of Mr. Vishwa Prasad on 31.03.2015.

Capital	8,00,000	Bad debts	5,000
Drawings	60,000	Sundry creditors	95,000
Machinery (1.4.2014)	2,00,000	Sales	12,00,000
Machinery additions (1 7.2014)	50,000	Purchase returns	10,000
Stock on 1.4.2014	1,50,000	Provision for bad and doubtful debts (1.4.2014)	8,000
Purchases	8,20,000	Commission received	16,000
Carriage on purchases	20,000	Sundry debtors	52,000
Furniture and fixtures	2,00,000	Insurance charges	10,000

Carriage on sales	25,000	Salaries	2,10,000
Sundry expenses	8,000	Cash in hand	62,000
Printing and stationery	12,000	Cash at bank	2,05,000
Rent, rates and taxes	12,000		

Adjustments :

- (i) Closing stock Rs.1,40,000.
- (ii) Create provision for bad and doubtful debts at 5% on sundry debtors.
- (iii) Provide depreciation of 20% on plant and machinery and 10% on furniture and fixtures.
- (iv) Insurance paid in advance is Rs. 1,000.
- (v) Commission receivable in arrears is Rs.5,000.
- (vi) Salaries payable are Rs. 15,000.

Prepare trading account, profit and loss account and balance sheet for the year ending 31.03.2015.

Or

- (b) From the following information, prepare
 - (i) Cash from Operations
 - (ii) Cash Flow Statement
 - (iii) Statement of Changes in Working Capital
 - (iv) Fund Flow Statement

Balance Sheet		
Assets :	2014	2015
Furniture and Fittings	1,17,000	1,30,000
Plant	1,54,000	80,000
Long-Term Investments	3,00,000	2,60,000
Stock	8,29,000	8,00,000
Trade Debtors	90,000	1,09,000
Cash at Bank	1,43,000	1,40,000
Preliminary Expenses	10,000	15,000
Total	16,43,000	15,34,000

Capital and Liabilities :	2014	2015
Equity Share Capital	9,00,000	6,00,000
Preference Share Capital	-	2,00,000
Profit and Loss Account	1,10,000	75,000
Debentures	2,50,000	3,00,000
Bank Loan	75,000	1,00,000
Bills Payable	45,000	40,000
Trade Creditors	1,50,000	1,15,000
Outstanding Expenses	18,000	19,000
Provision for Taxation	95,000	85,000
Total	<u>16,43,000</u>	<u>15,34,000</u>
