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Question Paper Code : 80316

M.B.A. DEGREE EXAMINATION, JANUARY 2014.

First Semester

BA 7106 – ACCOUNTING FOR MANAGEMENT

(Regulation 2013)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What is financial accounting?
2. What are personal accounts?
3. What is allotment of shares?
4. What is forfeiture of shares?
5. Write a short note on operating ratio.
6. Define cash flow statement.
7. What are the essentials of a good costing system?
8. Define process costing.
9. Why is there a need for computerized accounting?
10. Write a note on reserved account groups.

PART B — (5 × 16 = 80 marks)

11. (a) Distinguish between profit and loss account and balance sheet using an illustration.

Or

- (b) Explain the concepts of human resource accounting. State its importance. Which objections are generally leveled against HRA? (8+4+4)

12. (a) Define a company and state its essential characteristics. Explain the documents that have to file with the Registrar of companies for getting a company in corporate. (4+12)

Or

- (b) Explain the different modes of alteration of share capital as per the provision of sections 94 to 97 of the companies act.

13. (a) From the following balance sheet of manorama Ltd., compute:
- (i) Equity ratio (proprietary ratio); (4)
 - (ii) Debt-Equity ratio; (4)
 - (iii) Funded debt to total capitalization; (4)
 - (iv) Fixed assets to net worth ratio; (4)

Balance sheet of manorama limited			
Liabilities	Amount	Assets	Amount
Equity share capital	3,00,000	Good will	90,000
9% preference share capital	1,50,000	Land and Buildings	1,00,000
Reserve fund	50,000	Plant and machinery	2,50,000
Profit and Loss A/C	20,000	Equipment	60,000
Share premium	10,000	Furniture and fittings	80,000
8% Debentures	2,00,000	Sundry debtors 92,000	
6% Mortgage loan	60,000	Less : Provision <u>2,000</u>	90,000
Sundry creditors	80,000	Bills receivables	1,00,000
Income tax provision	20,000	Stock-in-hand	1,20,000
Depreciation fund	50,000	Cash balance	45,500
		Prepaid insurance	1,500
		Preliminary expenses	2,000
		Discount on issue of debentures	1,000
	<u>9,40,000</u>		<u>9,40,000</u>

Or

- (b) From the following balance sheets of X Ltd, make out ; (i) statement of changes in working capital, (ii) funds flow statement:

Particulars	2004	2005	Particulars	2004	2005
Equity share capital	3,00,000	4,00,000	Good will	1,15,000	90,000
Redeemable reference share capital	1,50,000	1,00,000	Land and Buildings	2,00,000	1,70,000

General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000

6,77,000 8,17,000

6,77,000 8,17,000

Additional information :

- (1) Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant, and land and buildings, respectively, in 2005.
- (2) A dividend of Rs. 20,000 has been paid in 2005.
- (3) Income-tax of Rs. 35,000 has been paid during 2005.

14. (a) (i) From the following, find the profit made by each product, apportioning joint-costs on the sale-value basis. (8)

Joint cost :		Rs.
Direct materials		1,26,000
Power		25,000
Petrol, oil, lubricants		5,000
Labour		7,500
Other charges		4,100
	Product X	Product Y
Selling costs	Rs. 20,000	Rs. 80,000
Sales	Rs. 1,52,000	Rs. 1,68,000

- (ii) From the following data, calculate the break-even point :

	Rs.
Selling price per unit	20
Direct material cost per unit	8
Direct labour cost per unit	2
Direct expenses per unit	2
Overheads per unit	3
Fixed overheads (total)	20,000

If sales are 20% above the break-even point, determine the net profit. (8)

Or

- (b) (i) A company working at 50% capacity manufactures 10,000 units of a product. At 50% capacity the product cost is Rs. 180 and sale price Rs. 200, the break up of the cost is as below :

	Cost per unit
Material	Rs. 100
Wages	Rs. 30
Factory overheads	Rs. 30 (40% fixed)
Administration overheads	Rs. 20 (50% fixed)

At 60% working raw material cost goes up by 2% and sales price falls by 2% at 80% working the raw material cost increases by 5% and sale price decreases by same percentage i.e., 5%

Prepare a statement to show profitability at 60% and 80% capacity. (8)

- (ii) Calculate the materials mix variance from the following (8)

Material	Standard	Actual
A	90 units at Rs.12 each	100 units at Rs. 12 each
B	60 units at Rs. 15 each	50 units at Rs. 16 each

15. (a) What is accounting software? Why should we use it? Explain its different types. (2+4+ 10)

Or

- (b) (i) Describe the various facilities to be provided by the user friendly accounting software package. (8)
- (ii) Explain the procedure involved in the creation, alteration and deletion of ledger accounts in tally. (8)