



Reg. No. :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Question Paper Code : 47039

M.B.A. DEGREE EXAMINATION, JANUARY 2018
First Semester
BA 5103 – ACCOUNTING FOR MANAGEMENT
(Regulations 2017)

Time : Three Hours

Maximum : 100 Marks

Answer ALL questions

PART – A

(10×2=20 Marks)

1. What are Accounting concepts ?
2. State the two major drawbacks of historical accounting.
3. What are Statutory books ?
4. What is employees stock option scheme ?
5. What is the difference between current ratio and liquid ratio ?
6. What is the meaning of 'Funds from operations' ?
7. What is a cost sheet ?
8. Define Marginal costing.
9. What is the need for codification of accounts ?
10. Mention the uses of pre-packaged accounting software.

PART – B

(5×13=65 Marks)

11. a) The following are the ledger balances extracted from the books of Mr. Ramasamy.
- | | | | |
|--------------------|--------|---------------------|----------|
| Ramasamy's Capital | 50,000 | Sales | 3,01,000 |
| Bank Overdraft | 8,400 | Return inwards | 5,000 |
| Furniture | 5,200 | Discount (Cr.) | 800 |
| Business premises | 40,000 | Taxes and Insurance | 4,000 |



Creditors	26,600	General Expenses	8,000
Opening Stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent from tenants	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for doubtful debts	1,000
		Bad debts written off	1,600

Adjustments :

- i) Stock on hand on 31-12-2015 was estimated as Rs. 40,120.
- ii) Write off depreciation on business premises Rs. 600 and furniture Rs. 520.
- iii) Make a provision of 5% on debtors for bad and doubtful debts.
- iv) Allow interest on capital at 5% and carry forward Rs. 1,400 for unexpired insurance.

Prepare Final Accounts for the year ended 31-12-2015.

(OR)

- b) Explain the accounting for price level changes under Current Purchasing Power (CPP) method.
12. a) 'A' Co. Ltd. was incorporated on May 1, 2016 to take over the business of 'X and Co.' as a going concern from January 2016. The profit and loss account for the year ending December 31, 2016 was as follow :

Profit and Loss Account of "A" Co. Ltd. for the year ended 31-12-2016

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Rent and Taxes	12,000	By Trading account	1,55,000
To Insurance	3,000	(Gross profit)	
To Electricity Charges	2,400		
To Salaries	36,000		
To Directors' Fees	3,000		
To Auditors' Fees	1,600		
To Commission	6,000		
To Advertisement	4,000		



To Discount	3,500	
To Office Expenses	7,500	
To Carriage	3,000	
To Bank Charges	1,500	
To Preliminary Expenses	6,500	
To Bad Debts	2,000	
To Interest on loan	3,000	
To Net Profit	60,000	
	1,55,000	1,55,000

The total turnover for the year ending December 31, 2016 was Rs. 5,00,000 divided into Rs. 1,50,000 for the period upto May 1, 2016 and Rs. 3,50,000 for the remaining period. Prepare the Profit and Loss Account and ascertain the 'Profit prior to' and after incorporation.

(OR)

- b) A Ltd. was registered with an authorized capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is its Trial Balances on 31st March 2016.

Particulars	Debit Balance	Credit Balance
	Rs.	Rs.
Goodwill	25,000	—
Cash	750	—
Bank	39,900	—
Purchases	1,85,000	—
Preliminary expenses	5,000	—
Share Capital	—	4,00,000
12% debentures	—	3,00,000
P&L A/c (Cr.)	—	26,250
Calls-in-arrears	7,500	—
Premises	3,00,000	—
Plant and Machinery	3,30,000	—
Interim Dividend	39,250	—
Sales	—	4,15,000



Stock (1-4-2015)	75,000	—
Furniture and Fixtures	7,200	—
Sundry Debtors	87,000	—
Wages	84,865	—
General expense	6,835	—
Freight and carriage	13,115	—
Salaries	14,500	—
Director's fees	5,725	—
Bad debts	2,110	—
Debenture interest paid	18,000	—
Bills payable	—	37,000
Sundry creditors	—	40,000
General reserve	—	25,000
Provision for bad debts	—	3,500
Total	12,46,750	12,46,750

Prepare Statement of Profit and Loss and Balance Sheet in proper form after making the following adjustments.

- i) Depreciate plant and machinery by 15%.
- ii) Write off preliminary expenses.
- iii) Provide for 6 months interest on debentures.
- iv) Leave bad and doubtful debts provision at 5% on Sundry debtors.
- v) Provide for income tax at 50%.
- vi) Stock on 31-3-2016 was Rs. 95,000.
- vii) Provide for corporate dividend tax @ 17%.

13. a) The Summarized Balance Sheets of K Ltd. as on 31st March, 2015 and 31st March 2016 are as follows :

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Share Capital	12,00,000	15,00,000	Buildings	8,00,000	7,60,000
14% Debentures	6,00,000	4,00,000	Machinery	5,00,000	7,20,000
P & L A/c	1,00,000	1,50,000	Short term		
General Reserve	3,00,000	3,50,000	investments	3,00,000	4,50,000



Creditors	4,90,000	5,60,000	Inventories	4,00,000	4,70,000
Proposed Dividends	1,20,000	1,80,000	Debtors	6,70,000	5,30,000
Provision for taxation	1,00,000	1,30,000	Cash at Bank	2,20,000	3,30,000
			Prepaid expenses	20,000	10,000
Total	29,10,000	32,70,000	Total	29,10,000	32,70,000

Additional Information :

- i) Debentures were redeemed at a premium of 10%.
- ii) Taxes paid during the year amounted to Rs. 1,40,000.
- iii) A machine which appeared at a WDV of Rs. 80,000 was sold for Rs. 1,30,000; and new machines worth Rs. 3,60,000 were acquired during the year.

Prepare a statement of sources and applications of funds, showing changes in the working capital.

(OR)

- b) A company supplies the following information :

Liabilities	2015	Assets	2015
	Rs.		Rs.
Share Capital	2,00,000	Goodwill	1,20,000
Reserves and surplus	58,000	Plant and Machinery	1,50,000
Debentures	1,00,000	Stock	80,000
Creditors	40,000	Debtors	45,000
Bills payable	20,000	Cash	17,000
Other current liabilities	2,000	Miscellaneous current assets	8,000
Total	4,20,000	Total	4,20,000

Sales (Credit) for the year = Rs. 4,00,000

Gross Profit = Rs. 1,60,000

Calculate :

- i) Current ratio.
- ii) Quick or liquid ratio.
- iii) Inventory turnover.
- iv) Average collection period.
- v) Proprietor's funds to liabilities.



14. a) In respect of a factory the following particulars have been extracted for the year 2015.

	Rs.
Cost of materials	6,00,000
Wages	5,00,000
Factory overheads	3,36,000
Administration charges	2,24,000
Distribution charges	1,40,000
Profit	4,20,000

A work order has to be executed in 2016 and the estimated expenses are :
Materials Rs. 8,000, wages Rs. 5,000.

Assuming that in 2016, the rate of factory overheads has gone up by 20%, distribution charges have gone down by 10% and selling and administration charges have gone each up by 15%, at what price should the product be sold so as to earn the same rate of profit on the selling price as in 2015 ?

Factory overheads are based on wages and administration, selling and distribution overheads on factory cost.

(OR)

- b) A company manufactures three products. The budgeted quantity, selling prices and unit costs are as under :

	A	B	C
	Rs.	Rs.	Rs.
Raw materials (@ Rs. 20 per kg)	80	40	20
Direct wages (@ Rs. 5 per hour)	5	15	10
Variable overheads	10	30	20
Fixed overheads	9	22	18
Budgeted production (in units)	6,400	3,200	2,400
Selling price per unit (in Rs.)	140	120	90

Required :

- i) Present a statement of budgeted profit.
- ii) Set optimal product-mix and determine the profit, if the supply of raw materials is restricted to 18,400 kg.



15. a) State the advantages and disadvantages of Computerized Accounting.

(OR)

b) Explain the features of Computerized Accounting Environment.

PART – C

(1×15=15 Marks)

16. a) Explain the Human Resource Cost Accounting and Human Resource Value Accounting. How do they differ ?

(OR)

b) The Balance Sheets of X Ltd. as on 31st March, 2015 and 31st March 2016 are as follows.

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Share Capital	5,00,000	7,00,000	Land & Buildings	80,000	1,20,000
Profit and Loss A/c	1,00,000	1,60,000	Plant & Machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry Creditors	1,63,000	2,00,000	Sundry Debtors	1,40,000	1,50,000
Bills payable	30,000	40,000	Prepaid expenses	14,000	12,000
Outstanding Expenses	7,000	5,000	Cash at Bank	16,000	18,000
Total	8,50,000	11,75,000	Total	8,50,000	11,75,000

Additional Information :

- i) Rs. 50,000 depreciation has been charged to plant and machinery during the year 2016.
- ii) A piece of machinery was sold for Rs. 8,000 during 2016. It had cost Rs. 12,000, depreciation of Rs. 7,000 has been provided on it.

Prepare a Cash Flow Statement from the above details.