



Reg. No. :

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

**Question Paper Code : 44036**

M.B.A. DEGREE EXAMINATION, NOVEMBER/DECEMBER 2017

First Semester

BA 7106 – ACCOUNTING FOR MANAGEMENT

(Regulations 2013 )

Time : Three Hours

Maximum : 100 Marks

Codes/Table/Charts to permitted, if any, may be indicated

Answer ALL questions

## PART – A

(10×2=20 Marks)

1. What is meant by accounting ?
2. What is double entry system of book keeping ?
3. What do you understand by Reduction of capital ?
4. What are the components of final accounts of joint stock company ?
5. What is meant by comparative financial statement ?
6. What does turnover ratios indicate ?
7. Calculate the minimum limit or level of inventory from the following data :  
Normal usage                      100 units per day  
Maximum usage                    130 units per day  
Minimum usage                    70 units per day  
Re-order period                    25 to 30 days
8. What is Standard Costing ?
9. Define real time processing.
10. What is outsourcing of accounting function ?

## PART – B

(5×13=65 Marks)

11. a) Explain the purpose and uses of management accounting systems.  
(OR)  
b) The following Trial Balance has been extracted from the books of Mr. Bhaskar on 31-3-2016.

Particulars	Debit	Credit
	Rs.	Rs.
Machinery	40,000	
Cash at Bank	10,000	
Cash in Hand	5,000	



Wages	10,000	
Purchases	80,000	
Stock (01-04-2015)	60,000	
Sundry debtors	40,000	
Bills Receivable	29,000	
Rent	4,000	
Interest on Bank Loan	500	
Commission received		3,000
General Expenses	12,000	
Salaries	7,500	
Discount received		4,000
Capital		90,000
Sales		1,20,000
Bank Loan		40,000
Sundry Creditors		40,000
Purchase returns		5,000
Sales returns	4,000	
	<b>3,02,000</b>	<b>3,02,000</b>

**Adjustments :**

1) Closing Stock Rs. 80,000.

2) Interest on Bank loan not yet paid Rs. 400.

3) Commission received in advance Rs. 1,000.

Prepare Trading and Profit and Loss Account for the year ended 31-03-2016 and Balance Sheet as on that date after giving effect to the above adjustments.

12. a) Priya Ltd. offer to the public 100000 Equity Shares and 50000 Preference Shares of Rs. 10 each payable as under.

	Equity Shares Rs.	Preference Shares Rs.
On Application	2	3
On Allotment	4	4
On First and Final Call	4	3

All excess money received on equity shares was rejected. All money due was received. Pass entries, prepare important ledger accounts and extract from the Balance Sheet.

The public applied for 120000 Equity Shares and 45000 Preference Shares. Application for Preference Shares were accepted.

(OR)

- b) Write a note on employee stock option and explain its features.
13. a) From the following Profit and Loss Account of a company, ascertain the following ratios.
- 1) Gross Profit Ratio
  - 2) Net Profit Ratio
  - 3) Operating Ratio
  - 4) Operating Profit Ratio
  - 5) Stock Turnover Ratio.



Wages	10,000	
Purchases	80,000	
Stock (01-04-2015)	60,000	
Sundry debtors	40,000	
Bills Receivable	29,000	
Rent	4,000	
Interest on Bank Loan	500	
Commission received		3,000
General Expenses	12,000	
Salaries	7,500	
Discount received		4,000
Capital		90,000
Sales		1,20,000
Bank Loan		40,000
Sundry Creditors		40,000
Purchase returns		5,000
Sales returns	4,000	
	<b>3,02,000</b>	<b>3,02,000</b>

**Adjustments :**

- 1) Closing Stock Rs. 80,000.
- 2) Interest on Bank loan not yet paid Rs. 400.
- 3) Commission received in advance Rs. 1,000.

Prepare Trading and Profit and Loss Account for the year ended 31-03-2016 and Balance Sheet as on that date after giving effect to the above adjustments.

12. a) Priya Ltd. offer to the public 100000 Equity Shares and 50000 Preference Shares of Rs. 10 each payable as under.

	<b>Equity Shares</b>	<b>Preference Shares</b>
	<b>Rs.</b>	<b>Rs.</b>
On Application	2	3
On Allotment	4	4
On First and Final Call	4	3

All excess money received on equity shares was rejected. All money due was received. Pass entries, prepare important ledger accounts and extract from the Balance Sheet.

The public applied for 120000 Equity Shares and 45000 Preference Shares. Application for Preference Shares were accepted.

(OR)

- b) Write a note on employee stock option and explain its features.
13. a) From the following Profit and Loss Account of a company, ascertain the following ratios.
- 1) Gross Profit Ratio
  - 2) Net Profit Ratio
  - 3) Operating Ratio
  - 4) Operating Profit Ratio
  - 5) Stock Turnover Ratio.



General Reserve	40,000	70,000	Debtors	1,60,000	2,00,000
P and L A/c	30,000	48,000	Stock	77,000	1,09,000
Proposed dividends	42,000	50,000	Bills Receivable	20,000	30,000
Creditors	55,000	83,000	Cash in hand	15,000	10,000
Bills Payable	20,000	16,000	Cash at bank	10,000	8,000
Provision for taxation	40,000	50,000			
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>	<b>8,17,000</b>

Following is the additional information available :

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

(OR)

- b) From the following Trial Balance of Raj Kumar prepare Trading, Profit and Loss Account for the year ended 31<sup>st</sup> March 2015 and Balance Sheet as on that date :

**Trial Balance of Raj Kumar for the year ending 31<sup>st</sup> March 2015**

Particulars	Dr. Rs.	Cr. Rs.
Capital		60,000
Drawings	10,000	
Furniture	5,200	
Bank Overdraft		8,400
Taxes and insurance	4,000	
Creditors		27,600
Buildings	40,000	
Opening Stock	44,000	
Debtors	36,000	
Rent		2,000
Purchases	2,20,000	
Sales		3,00,000
Sales returns	4,000	
General Expenses	8,000	
Salaries	18,000	
Purchase returns	4,000	
Commission	4,400	
Carriage on Purchases	3,600	
Bad debts	1,600	
Discount	3,200	
<b>Total</b>	<b>4,02,000</b>	<b>4,02,000</b>

The following adjustments are to be made :

- a) The closing stock was valued at Rs. 40,120, but there has been a loss of stock by fire during the period to the extent of Rs. 10,000 not covered by insurance.
- b) Depreciation on buildings Rs. 2,000 and on furniture Rs. 500 is to be provided for.
- c) A provision for doubtful debts at 5% on debtors is required.
- d) Unexpired insurance amounted to Rs. 400.

Interest on capital at 5% per annum is to be provided.