

M.B.A. DEGREE EXAMINATION, JUNE 2010
First Semester
BA 9206 – ACCOUNTING FOR MANAGEMENT
(Regulation 2009)

Time : Three hours

Maximum : 100 Marks

Answer ALL Questions

PART A – (10 × 2 = 20 Marks)

1. Explain GAAP.
2. Explain the Cost Concept.
3. Explain Capital Reserves.
4. What is Corporate Governance?
5. State the limitations of ratio analysis.
6. Give the three components of a cash flow statement.
7. Explain briefly product and period costs.
8. What is activity based management?
9. What is management reporting?
10. Distinguish between custom with pre-packaged software.

PART B – (5 × 16 = 80 Marks)

11. (a) Explain the purpose and uses of management accounting systems.
Or
(b) Write an essay on inflation accounting.
12. (a) The following balance has been extracted from the books of Mr. Ganesh on 31.03.2010.
Rs. Rs.
Capital 8,00,000 Bad debts 5,000
Drawings 60,000 Sundry creditors 95,000
Machinery (1.4.2009) 2,00,000 Sales 12,00,000
Machinery additions (1/7/09) 50,000 Purchase returns 10,000
Stock on 1.4.2009 1,50,000 Provision for bad and doubtful

debts (1/4/09) 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 40,000

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 31-3-2010.

Or

(b) Distinguish between

(i) Current assets and fixed assets

(ii) Tangible assets and intangible assets

(iii) Current liabilities and long-term liabilities

(iv) Gross profit and operating profit

(v) Nominal, real and personal accounts.

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13. (a) From the following summary of cash account of Y Ltd.,

prepare cash flow

statement for the year ended March 31 in accordance with AS-3

using

direct method. The company does not have any cash equivalent.

Rs. in '000 Rs. in '000

Opening Balance 50 Payment to suppliers 2000

Issue of equity shares 300 Purchase of fixed assets 200

Receipts from customers 2800 Overhead expenses 200

Sale of fixed assets 100 Wages and salaries 100

Tax 250

Dividends 50

Repayment of bank loan 300

Closing balance 150

Total 3,250 Total 3,250

Or

(b) Assume that there are two firms A and B, each having total assets

amounting to Rs. 4,00,000 and average PAT of 10% on total assets.

Firm

A has sales of Rs. 4,00,000 whereas firm B has a sales of

Rs. 40,00,000. Determine the RoA of firms A and B. Suppose firm A

uses

equity capital of Rs. 2 lakh and B Rs. 2.5 lakh in financing their total

assets, what is their financial leverage? Calculate their RoE.

14. (a) Discuss the following:

(i) Relevant costs

(ii) Incremental costs

(iii) Differential costs

(iv) Sunk costs

(v) Opportunity costs.

Or

(b) Explain the pros and cons of ABC system.

15. (a) Explain the significance of computerized accounting system.

Or

(b) Explain the advantages of pre-packaged accounting software.