

Reg. No. :

Question Paper Code : 40137

M.B.A. DEGREE EXAMINATION, NOVEMBER/DECEMBER 2018.

First Semester

M.B.A.

BA 5103 — ACCOUNTING FOR MANAGEMENT

(Regulations 2017)

Time : Three hours

Maximum : 100 marks

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 mean by Comparative financial statements?
4. What is preferential allotment?
5. What is Buyback of securities?
6. What is capital reduction account?
7. From the following compute current ratio :

	Rs.		Rs.
Stock	36,500	Prepaid expenses	1,000
Sundry debtors	63,500	Bank overdraft	20,000
Cash in hand and bank	10,000	Sundry creditors	25,000
Bills receivable	9,000	Bills payable	16,000
Short term investments	30,000	Outstanding expenses	14,000

8. What is process costing?
9. What do you mean by Codification?
10. What do you understand by computerized accounting system?

PART B — (5 × 13 = 65 marks)

11. (a) Mr. Santhosh book shows the following balances. Prepare his Trading and Profit and Loss account for the year ended 31st March 2017 and Balance Sheet as on that date.

Particulars	Debit Rs.	Credit Rs.
Stock on 1.4.2017	1,50,000	
Purchases	1,30,000	
Sales		3,00,000
Carriage inwards	2,000	
Salaries	50,000	
Printing and Stationery	8,000	
Drawings	17,000	
Sundry creditors		20,000
Sundry debtors	1,80,000	
Furniture	10,000	
Capital		2,50,000
Postage and telephone	7,500	
Interest paid	4,000	
Machinery	41,500	
Loan account		25,000
Suspense a/c		5,000
	<u>6,00,000</u>	<u>6,00,000</u>

Adjustments :

- Closing Stock Rs. 1,20,000
- Provide 5% for bad and doubtful debts on debtors
- Depreciate machinery and furniture by 5%
- Allow interest on capital at 5%
- Prepaid printing charges Rs. 2,000.

Or

- (b) Explain the advantages and disadvantages of Inflation Accounting.

12. (a) Write a note on employee stock option and explain its features.

Or

- (b) A Company issued 10,000 equity shares of Rs. 10 each at premium of Rs. 3 per share payable as follows :

On application Rs. 4 per share

On allotment Rs. 5 per share (including premium)

On first and final call Rs. 4 per share

Subscriptions were received for 13,000 shares. The excess money was refunded and the allotment money was received in full. The first and final call was made in due course and the amount due was received with the exception of 100 shares. These shares were forfeited and subsequently reissued as fully paid for Rs. 8 per share. Pass Journal entries recording the above transactions.

13. (a) From the following Balance Sheet of Gupta Ltd., prepare Schedule of Changes in Working Capital :

Liabilities	Balance Sheet		Assets	2016 Rs.	2017 Rs.
	2016 Rs.	2017 Rs.			
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
Share Capital	1,00,000	1,50,000	Debtors	1,60,000	2,00,000
General Reserve	7,000	8,000	Stock	77,000	1,09,000
Debenture	1,00,000	1,00,000	Bills Receivable	20,000	30,000
	2,82,000	3,57,000		2,82,000	3,57,000

Or

- (b) Explain the importance of preparing fund flow statement and cash flow statement.
14. (a) Explain the concept of 'Activity based costing'.

Or

- (b) The budgeted output of a factory specializing in the production of single product at the optimum capacity of 6,400 units per annum amounts to Rs. 1,76,048 as detailed below :

Fixed cost :	20,688
Variable cost :	
Power	1,440
Repair etc	1,700
Miscellaneous	540
Direct materials	49,280
Direct labour	1,02,400
	1,55,360

Having regard to possible impact on sales turnover by market trends, the company decides to have a flexible budget with a production of 4,800 units. Prepare a flexible budget for production levels at 75%. Assuming the sale per unit is maintained at Rs.40 as at present, indicate the effect on net profit. Administration, selling and distribution expenses continues at Rs.3,600.

15. (a) Briefly explain the importance and features of computer in accounting.

Or

- (b) Enumerate the advantages and disadvantages of computer accounting.

PART C — (1 × 15 = 15 marks)

16. (a) The balance sheets of ABC Co. as at the end of 2016 and 2017 are given below :

Liabilities	2016 (Rs.)	2017 (Rs.)	Assets	2016 (Rs.)	2017 (Rs.)
Share Capital	1,00,000	1,50,000	Freehold Land	1,00,000	1,00,000
Share Premium	—	5,000	Plant at cost	1,04,000	1,00,000
General Reserve	50,000	60,000	Furniture at cost	7,000	9,000
Profit & Loss A/c	10,000	17,000	Investment at cost	60,000	80,000
12% Debentures	70,000	50,000	Debtors	30,000	70,000
Provision for depreciation on plant	50,000	56,000	Stock	60,000	65,000
Provision for depreciation on furniture	5,000	6,000	Cash	30,000	45,000
Provision for taxation	20,000	30,000			
Sundry creditors	86,000	95,000			
	<u>3,91,000</u>	<u>4,69,000</u>		<u>3,91,000</u>	<u>4,69,000</u>

Additional Information :

- A plant purchased for Rs. 4,000 (Depreciation Rs. 2,000) was sold in cash for Rs. 800 on September 30, 2017.
- On June 30, 2017 an item of furniture was purchased for Rs. 2,000 and that was the only transaction concerning fixed assets during 2017.
- A dividend of 22½ % on original shares was paid.

You are required to prepare a fund flow statement and verify the results by preparing schedule of changes in working capital.

Or

- (b) From the following Profit and Loss Account of a company, ascertain the following ratios.
- Gross Profit Ratio
 - Net Profit Ratio
 - Operating Ratio
 - Operating Profit Ratio
 - Stock Turnover Ratio.

Trading and Profit and Loss Account for the year ending 31.03.2015

Dr		Cr	
Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,900	By Sales	56,000
To Purchase	44,000	By Closing stock	10,000
To Gross Profit	<u>20,100</u>		
	<u>66,000</u>		<u>66,000</u>
To Administration expenses	2,000	By Gross Profit	20,100
To Selling expenses	8,900	By Dividend	1,000
To Interest	3,000	By Profit on sale	
To Net Profit	<u>8,000</u>	of investments	<u>800</u>
	<u>21,900</u>		<u>21,900</u>