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**Question Paper Code : 40332**

M.B.A. DEGREE EXAMINATION, APRIL/MAY 2015.

First Semester

BA 7106 — ACCOUNTING FOR MANAGEMENT

(Regulation 2013)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

Define management accounting.

What is GAAP?

What is preferential allotment?

What is stock option?

Define net profit ratio.

Define funds flow statement?

What is activity based costing?

What is Target Costing?

Define ledger.

What is tally?

PART B — (5 × 16 = 80 marks)

(a) Explain the accounting concepts and conventions.

Or

(b) From the following Ledger balances of a Trader, prepare Trading, Profit and Loss account and Balance Sheet as at 31<sup>st</sup> December 2012.

	Rs.
Opening stock	48,000
Drawings	6,000
Sales	1,25,000

	Rs.
Sundry debtors	18,000
Capital	25,000
Wages	14,000
Salaries	2,800
Carriage on purchases	2,500
Rent	3,500
Purchases	60,000
Discount on purchases	2,000
Interest on Bank Loan	100
Bills receivable	3,000
Plant and Machinery	10,000
Cash	1,000
Building	2,500
Bills payable	2,500
Bank Loan	2,000
Reserve for bad debts	2,500
Returns outwards	750
Sundry creditors	11,650

Adjustments :

Rent @ Rs.100 per month is not paid for 2 months. Wages and salaries are unpaid to the extent of Rs.750 and 225 respectively. Depreciate plant by 10%,. Stock at close was Rs.17,500. Write off Rs.1,500 as bad debts and maintain a Reserve of 5% on debtors.

12. (a) Under what circumstances profit or Loss prior to incorporation arises? What is the accounting treatment for profit and Loss prior to incorporation?

Or

- (b) The following is the Trail Balance of Uma Limited as on 31<sup>st</sup> March 2013.

Debit	Rs.	Credit	Rs.
Advance tax for 2012-13	2,50,000	Share Forfeiture A/c	6,000
Interim Dividend	50,000	Preference share capital	2,00,000
Capital Redemption A/c	2,20,000	Equity Share Capital	5,00,000
Discount on Debentures A/c	6,000	General Reserve	2,00,000
Share-Reissue A/c	2,000	Share Premium A/c	20,000
Fixed Assets	10,00,000	Profit and Loss A/c	1,50,000
Investments	3,00,000	Operating Profit for the Year 2012-13	6,02,000
Current Assets	1,60,000	13% Debentures	1,00,000
		Current Liabilities	2,10,000
	<u>19,88,000</u>		<u>19,88,000</u>

The following additional information is provided to you :

- (i) On 31<sup>st</sup> March 2013, the issued share capital consists of 50,000 equity shares of Rs.10 each fully paid-up. At the beginning of the year 20,000 bonus shares are issued to the equity shareholders meeting the amount from the capital redemption account (after this the total equity shares issued are 70,000)
- (ii) Provision for tax is required at 50%
- (iii) The board of directors has proposed a final dividend of 20% on equity shares after appropriating as per Law
- (iv) The board of directors has decided to record the increase in the value of fixed assets due to revaluation of fixed assets by 20%
- (v) Rs.2,000, out of discount on debentures account, is yet to be written-off against the profit for the current year.
- (vi) 10% of the Net profit is to be transferred to General Reserve A/c.

You are required to prepare the Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2013 and its Balance Sheet as on that date after incorporating the above.

- (a) Define ratio analysis. Explain the major uses and limitations of ratio analysis.

Or

- (b) Explain the uses of cash flow statement and discuss the difference between cash flow statement and funds flow statement.
- (a) Why is Budgetary control important? Discuss about the process and techniques of Budgetary Control.

Or

- (b) From the following information Compute the Material Variances :

Material	Standard			Actual		
	Qty (Kg.)	Unit price Rs.	Total Rs.	Qty (Kg.)	Unit price Rs.	Total Rs.
A	40	10	400	20	35	700
B	20	20	400	10	20	200
C	20	40	800	30	30	900

Standard Output : 80 Units; Actual Output : 80 units.

- (a) Discuss about the need and advantages of Computerized accounting system.

Or

- (b) Explain the process of codification and grouping of accounts in accounting package Tally.