

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2016 - 2017)

SUBJECT CODE: 16CM/MC/AM15

B.B.A DEGREE EXAMINATION NOVEMBER 2016
BUSINESS ADMINISTRATION
FIRST SEMESTER

COURSE : MAJOR – CORE
PAPER : ACCOUNTING FOR MANAGEMENT - I
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ALL QUESTIONS:

(10 x 2 = 20)

1. What are the functions of the Accounting standard board of India?
2. What is the role of IFRS in accounting?
3. What is the provision for managerial remuneration according to the Companies Act?
4. What is CSR? Give an example.
5. What is Human Resource Accounting?
6. The adjusted Net Profit of X Ltd. is Rs. 5,80,000
Calculate:
 - a) Overall managerial remuneration
 - b) Part time director's remuneration when assisted by full time Director.
7. On December 31, 2010 Company B had total asset of Rs. 150, 000, equity of Rs.75, 000, non-current assets of Rs. 50,000 and non-current liabilities of Rs.50, 000. Calculate the current ratio.
8. The provision for bad and doubtful debts account shows a balance of Rs.2000 on 1st January 1994. The bad debts during the year 2004 amount to Rs.1600. The sundry debtors on 31st December 2004 are Rs.32,000. Create a new provision for bad debts at 5%. Show the entries in the profit and loss account.
9. Calculate the value of Furniture purchased:

Opening balance	- Rs. 2,00,000
Closing balance	- Rs. 3,00,000
Depreciation	- Rs. 40,000.
10. Calculate the Trend Percentages for the following, with the year 2000 as base year.

	2000	2001	2002	2003	2004	2005
Inventories (Rs.)	40,000	65,000	90,000	70,000	60,000	68,000

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Calculate the following ratio:
 - (a) Gross profit ratio
 - (b) Operating ratio
 - (c) Stock turnover ratio
 - (d) E.P.S.

P & L Account

Particulars	Rs.	Particulars	Rs.
To Opening stock	20,000	By Sales	4,00,000
To Purchases	2,40,000	By Closing stock	30,000
To Wages	60,000	By Profit on sale of investments	4,000
To Carriage inward	10,000	By Interest on investments	6,000
To Salaries	40,000		
To Debenture interest	10,000		
To Loss in sale of machinery	5,000		
To Net profit	55,000		
	4,40,000		4,40,000

Share capital 20,000 shares of Rs. 10 per share.

12. Prakash Ltd. carried forward a balance of Rs.20, 50,000 in the profit and loss account for the year ended 31 March 2013. During the year 2013 – 2014, it made a profit of Rs.52, 40,000 before charging depreciation and managers commission. Depreciation for the year 2013 – 2014 amounted to Rs.8, 40,000 and a commission of 5% on net profit before charging such commission was to be paid to the manager. It was decided that the following decisions be carried out:

- Transfer Rs.12, 50,000 to the general reserve
- Transfer Rs.5, 00,000 to the dividend equalization reserve
- Pay the years dividend on Rs.50, 00,000 11% cumulative preference shares
- Pay 20% dividend on Rs.60, 00,000 equity share capital
- Pay Rs.77, 000 dividend on tax free preference shares
- Transfer Rs.7, 50,000 to debenture redemption fund

Prepare the Profit and Loss appropriation account showing the above appropriations.

13. Moon and Lal Ltd. Has Rs.11,20,000 in equity share capital consisting of 80,000 shares of Rs.10 each fully paid and 40,000 shares of Rs.10 each, of which Rs.8 per share is paid. It has Rs.40, 000 in capital reserve, Rs.40, 000 in securities premium account, Rs.1, 40,000 in capital redemption reserve account and Rs.3, 00,000 in general reserve. By way of bonus dividend the partly pad up shares are converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus shares in the same ratio.

Pass journal entries showing separately the two types of bonus used as mentioned above with the minimum reduction in free reserves.

14. From the following information, prepare a comparative income statement of ABC Limited

	2007	2008
Sales	120% of cost of goods sold	150% of Cost of goods sold
Cost of goods sold	Rs.20,00,000	Rs. 25,00,000
Indirect Expenses	10 percentage of Gross Profit	
Rate of income tax	50 percentage of Net Profit before tax	

15. Calculate funds from operations from the information given below as on 31st March, 2008

- a) Net profit for the year ended 31st March 2008 Rs. 6,50,000
- b) Gain on sale of building Rs. 35,500
- c) Good will appears in the books at Rs.1,80,000 out of that 10% has been written off during the year
- d) Old machinery worth Rs.8,000 has been sold for Rs. 6500 during the year
- e) Rs.1,25,000 has been transferred to the general reserve fund
- f) Depreciation has been provided during the year on machinery and furniture at 20% whose total cost is Rs. 6,50,000

16. From the following balances you are required to calculate cash from operating activities:

	31-12-1989	31-12-1992
	Rs.	Rs.
P&L. A/c balance	50,000	3,10,000
Debtors	90,000	84,000
Creditors	40,000	52,000
Bills Receivable	24,000	30,000
Prepaid expenses	3,200	2,800
Bills payable	30,000	32,000
Outstanding expenses	2,400	3,200
Outstanding income	1,600	1,800
Income received in advance	500	600

17. The summary of Balance Sheet data in respect of A Ltd. and B Ltd. is as under:

	A Ltd.	B Ltd.
	Rs.	Rs.
Buildings	1,00,000	4,50,000
Machinery	3,00,000	7,50,000
Share capital	4,50,000	14,50,000
Retained earnings	50,000	33,000
Debtors	1,15,000	1,60,000
Stocks	60,000	2,17,000
Cash	10,000	5,000
Prepaid expenses	5,000	3,000
Creditors	91,000	1,00,000
Liability for expenses	9,000	17,000
Preliminary expenses	10,000	15,000

Prepare common-size balance sheets.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. Following are the summarized Balance Sheets of Arul Ltd. as on 31st Dec. 2011 and 2012.

Balance Sheets

Liabilities	2011 Rs.	2012 Rs.	Assets	2011 Rs.	2012 Rs.
Share capital	1,00,000	1,50,000	Land & Building	1,00,000	90,000
General reserve	50,000	60,000	Plant & Machinery	1,00,000	1,19,000
P & L A/c	30,500	30,000	Stock	50,000	24,000
Bank loan	70,000	-	Debtors	75,000	63,200
Sundry creditors	50,000	37,200	Cash	500	1,000
Provision for taxation	32,000	35,000	Bank	2,000	15,000
			Goodwill	5,000	-
	3,32,500	3,12,200		3,32,500	3,12,200

Additional Information:

During the year ended 31st December 2012

(a) Dividend of Rs. 23,000 was paid.

(b) Depreciation written off on building Rs. 10,000, Machinery Rs. 14,000/

(c) Income tax paid during the year Rs. 28,000.

Prepare a statement of cash flow for the year ended 31-Dec- 2012.

19. Prepare a balance sheet from the following data

- | | |
|------------------------------------|----------------------------|
| a. Current ratio | 1.4 |
| b. Liquid ratio | 1.0 |
| c. Stock turnover ratio | 8 [based on closing stock] |
| d. Gross profit ratio | 20% |
| e. Debt collection period | 1.5months |
| f. Reserves and surplus to capital | 0.6 |
| g. Fixed assets turnover ratio | 1.6 |
| h. Capital gearing ratio | 0.5 |
| i. Fixed assets to net worth | 1.25 |
| j. Sales for the year | Rs.10,00,000 |

20. The balance sheet of National Company Ltd as on 31 Dec 2007 and 2008 are as follows:

Liabilities	2007 (Rs.)	2008 (Rs.)	Assets	2007 (Rs.)	2008 (Rs.)
Share Capital	5,00,000	7,00,000	Building	80,000	1,20,000
P&L 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
Creditors	1,53,000	1,90,000	Debtors	1,50,000	1,60,000
Bills Payable	47,000	55,000	Cash	20,000	20,000
	8,50,000	11,75,000		8,50,000	11,75,000

Adjustments:

- a) Rs.50,000 depreciation has been charged on plant and machinery during 2008
- b) A piece of Machine was sold for Rs.8, 000 during the year 2008. It had cost Rs.12,000 and depreciation of Rs.7,000 was provided.

Prepare funds flow statement

21. Prepare the final Accounts from the following trial balance of Madan Private Ltd.:

Debit Balances		Credit Balances	
Sundry debtors	92,000	Share capital	70,000
Plant & Machinery	20,000	Purchase returns	2,600
Interest	430	Sales	2,50,000
Rent, Rates & Taxes	5,600	Sundry Creditors	60,000
Conveyance charges	1,320	4% Debentures	20,000
Wages	7,000		
Sales returns	5,400		
Purchases	1,50,000		
Opening stock	60,000		
Cash at Bank	22,000		
Trade expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture & Fixtures	10,000		
Cash in hand	2,060		
	4,02,600		4,02,600

Adjustments:

- a) Stock in hand on 31.12.2006 is Rs.90,000
- b) Provide depreciation on premises at 2.5%, Plat & Machinery at 7.5% and furniture & Fixtures at 10%
- c) Write off Rs.800 as further bad debts
- d) Provide for doubtful debts at 5% on sundry debtors
- e) Outstanding rent was Rs.500 and outstanding wages Rs.400
- f) Prepaid insurance Rs.300 and prepaid salaries Rs.700
- g) The share capital of the Company consists of – Authorised capital 1000 shares of Rs. 100 each of which 700 shares are issued subscribed and paid up.
- h) Debenture interest is outstanding for the year.
