

B.B.A DEGREE EXAMINATION NOVEMBER 2017
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 objectives of accounting standards?
2. State the effect on working capital caused by the following:
 - a) Increase in cash Rs.1,700
 - b) Increase in stock Rs. 1,600
 - c) Decrease in Debtors Rs. 500
 - d) Decrease in Creditors Rs. 2,500
3. Prepare Reserves and Surplus Note from the following information:
P & L A/c (credit) Rs.17,000
Net profit Rs.1,21,140
Interim Dividend Rs.40,000.
4. Write a note on managerial remuneration.
5. What is comparative statement?
6. Opening stock Rs.29,000. Closing stock Rs.31,000; Purchases Rs.2,42,000. Calculate stock turnover ratio.
7. What is Funds Flow Statement?
8. Find out the Net cash from Investing activities from the following details:
Sales of fixed assets Rs.2,00,000.
Purchase of fixed assets Rs.1,00,000.
Issue of shares for cash Rs.2,00,000.
9. What is Human resource Accounting?
10. State under which head the following items would appear in the final Accounts of the company:
 - a) Discount received
 - b) General Expense
 - c) Goodwill
 - d) Motor Vehicles

SECTION – B

ANSWER ANY FIVE QUESTIONS: **(5 x 8 = 40)**

11. From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company.
The P&L account of the company showed a net profit of Rs.40,00,000 after taking into account the following items.
 - (a) Depreciation (including special depreciation of Rs.40,000) Rs. 1,00,000
 - (b) Provision for income tax Rs.2,00,000
 - (c) Donation to political parties Rs.50,000
 - (d) Ex-gratia payment to a worker Rs.10,000
 - (e) Capital profit on sale of assets Rs.15,000

12. The following balances have been extracted from the books of Geetha Ltd. As on 31.3.2016:
- Share capital Rs. 10,00,000
 12% Debentures Rs. 5,00,000
 Proposed dividend Rs. 50,000
 Machinery Rs. 9,00,000
 Stock Rs. 4,00,000
 Trade payables(Creditors) Rs. 2,00,000
 Government Bonds Rs. 4,00,000
 Cash and cash equivalents Rs. 1,00,000
 Securities premium Rs. 1,00,000
 Surplus i.e, balance in statement of P& L Rs. 50,000. Prepare the balance sheet of the company as per revised schedule VI.
13. From the following details find out:
- (i) Current assets
 (ii) Current Liabilities
 (iii) Liquid assets
 (iv) Stock
 Current ratio = 2.8
 Liquid ratio = 1.5
 Working capital = Rs.1,62,000.
14. Calculate the trend percentages from the following figures of Priya Ltd. taking 2005 as the base.
 (Figures in Rs.Lakhs)

Year	Sales	Stock	Profit before tax
2005	1,881	709	321
2006	2,340	781	435
2007	2,655	816	458
2008	3,021	944	527
2009	3,768	1154	672

15. From the following Balance Sheet, Prepare a Cash Flow Statement.

Liabilities	2006 Rs.	2007 Rs.	Assets	2006 Rs.	2007 Rs.
Share Capital	2,00,000	2,50,000	Cash	30,000	47,000
Creditors	70,000	45,000	Debtors	1,20,000	1,15,000
P&L A/c	10,000	23,000	Stock	80,000	90,000
			Land	50,000	66,000
	2,80,000	3,18,000		2,80,000	3,18,000

16. Calculate Funds from operation from the following:

Particulars	Rs.	Particulars	Rs.
To Rent	10,000	By gross profit	9,86,000
To Salary	25,000		
To Depreciation	3,000		
To Discount on issue of shares	10,000		
To Goodwill written off	5,000		
To Preliminary expenses	6,000		
To Net profit	9,27,000		
	9,86,000		9,86,000

17. Prepare a comparative income statement of Lakshmi travels Ltd. For the years ending 31.3.2015 – 16 from the following:

Particulars	31.3.2015(Rs.)	31.3.2016(Rs.)
Purchases less returns	80,000	1,50,000
Other direct expenses	20,000	50,000
Sales	1,80,000	2,60,000
Office expenses	20,000	25,000
Selling expenses	10,000	15,000
Finance expenses	10,000	8,000
Profit	40,000	12,000

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. The following are the balance sheets of X co. Ltd for the year ending 31.3.2013 and 31.3.2014. prepare common size balance sheet.

Liabilities	2013(Rs.)	2014(Rs.)	Assets	2013(Rs.)	2014(Rs.)
Share capital	2,00,000	3,00,000	Land & Building	4,00,000	4,00,000
Reserves & surplus	6,00,000	7,00,000	Plant & Machinery	6,00,000	10,00,000
10% debentures	2,00,000	3,00,000	Stock	2,00,000	3,00,000
Tax payable	1,00,000	1,20,000	Debtors	2,00,000	2,50,000
Bills payable	1,00,000	80,000	Cash & bank	1,00,000	50,000
Sundry creditors	3,00,000	5,00,000			
Total	15,00,000	20,00,000	Total	15,00,000	20,00,000

19. Moon and Star Co.Ltd is a company with an Authorized capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each on 31.12.2004 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2004.

Trial Balance of Moon and Star Co.Ltd.

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & Loss a/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (upto 31.3.05)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
	6,60,270		6,60,270

You are required to prepare Profit & Loss account for the year ended 31.12.2004 and Balance Sheet as on that date. The following further information is given:

- Closing stock was valued at Rs.1,91,500
- Depreciation on plant at 15% and on furniture at 10% should be provided.
- A tax provision of Rs.8,000 is considered necessary.
- The directors declared an interim dividend on 15.08.2004 for 6 months ending June 30, 2004 @ 6%.
- Provide for corporate dividend tax @ 17%.

20. From the Balance Sheet of Anand Company, Prepare Fund Flow statement.

BALANCE SHEET

Liabilities	31.12.2010	31.12.2011	Assets	31.12.2010	31.12.2011
Share capital	2,40,000	3,60,000	Land&	1,66,200	3,39,600
Share premium	24,000	36,000	Building	1,06,800	1,53,900
General Reserve	18,000	27,000	Machinery	7,200	4,500
P&L A/c	58,500	62,400	Furniture	66,300	78,000
8% Debenture	—	78,000	Stock	1,09,500	1,17,300
Provision for tax	29,400	32,700	Debtors	14,400	12,000
Creditors	1,00,500	1,09,200	Bank		
	4,70,400	7,05,300		4,70,400	7,05,300

Depreciation written off during the year

Machinery Rs.38,400 Furniture Rs. 1,200.

21. Following is the profit and Loss A/c of a company for the year ending 31-12-2015.

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,00,000	By Sales	5,60,000
To Purchases	3,50,000	By Closing Stock	1,00,000
To Wages	9,000		
To Gross Profit c/d	2,01,000		
	6,60,000		6,60,000
To Administrative expenses	20,000	By Gross profit b/d	2,01,000
To Selling expenses	89,000	By Interest on Investments	10,000
To Non- operating expenses	30,000	(outside business)	
To Net Profit	80,000	By Profit on sale of	8,000
		Investments	
	2,19,000		2,19,000

Calculate

- Gross profit ratio
- Net profit ration
- Operating ratio
- Operating profit ratio
- Administration expenses ratio
- Selling Expenses ratio
