

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2016 – 2017 and thereafter)**  
**SUBJECT CODE: 16CM/MC/AM15**  
**B.B.A DEGREE EXAMINATION NOVEMBER 2018**  
**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. Write a note on AS 2.
2. How are assets classified as per schedule 3 of Companies Act 2013?
3. Define Analysis and Interpretation.
4. Briefly Explain Current ratio and its expected standard.
5. What is Human Resources Accounting?
6. How do you deal with the following items in a comparative balance sheet?

Particulars	31.3.2016(Rs.)	31.3.2017(Rs.)
Fixed assets	40,00,000	50,00,000
Current assets	10,00,000	9,00,000
Share capital	5,00,000	6,00,000
7. Opening stock Rs. 29,000. Closing stock Rs. 31,000. Purchases Rs. 2,42,000. Calculate Stock turnover ratio.
8. 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
9. Ascertain provision made for tax during 2016-17.  
Provision for tax as on 1.4.2016 Rs. 80,000  
Provision for tax as on 31.3.2017 Rs. 1,00,000  
Tax paid during the year Rs. 60,000.
10. Aruna brothers furnished the following details for the year 2017.

	Rs.
Sales	2,00,000
Cost of production	80,000
Opening stock of finished goods	50,000
Closing stock of finished goods	31,000
Sales returns	30,000

Calculate Gross Profit ratio.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:**

**(5 x 8 = 40)**

11. From the following particulars, determine the maximum remuneration available to full time director of a manufacturing company. The profit and loss account of the company showed net profit of Rs.40.00,000 after taking into account of 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.10,000

12. From the information given below, Calculate a. Current Ratio. b. Liquidity Ratio, c. Absolute liquidity ratio.

Cash Rs.18,000, Debtors Rs.1,42,000, Closing stock Rs.1,80,000, Bills Payable Rs.27,000, Creditors Rs.50,000, Outstanding expenses Rs.15,000, tax payable Rs.75,000.

13. Babu and Co presents the following financial statement for the year 2016 and 2017. Prepare a Sources and Application of fund statement.

Liabilities	2016	2017	Assets	2016	2017
Bills payable	4,52,000	6,28,000	Cash	1,06,000	62,000
Creditors	8,26,000	12,54,000	Investment	1,74,000	-
Loans from bank	2,00,000	4,70,000	Debtors	6,92,000	10,56,000
Reserves	13,84,000	17,28,000	Stock	8,64,000	13,66,000
Share capital	12,00,000	12,00,000	Fixed assets	22,26,000	27,96,000
	40,62,000	52,80,000		40,62,000	52,80,000

Depreciation Rs.3,78,000 was written off for the year 2017 on fixed assets.

14. Sanjana& co Ltd: furnishes its balance sheet for the year 2016 and 2017 and requests you to prepare a comparative balance sheet for those year.

Liabilities	2016	2017	Assets	2016	2017
Equity Share capital	80,000	80,000	Land	80,000	74,000
6% Debentures	80,000	90,000	Plant	60,000	54,000
Retained Earnings	40,000	49,000	Furniture	20,000	28,000
S.Creditors	50,000	70,000	Inventory	40,000	80,000
Bills Payable	10,000	15,000	Debtors	40,000	80,000
			Cash	20,000	8000
	2,60,000	3,04,000		2,60,000	3,04,000

15. From the following data calculate Cash generated from operations. operating profit before working capital changes for the year 2017 Rs.84,000. Current assets and liabilities as on 1-1-2017 and 31-12-2017 were as follows:

Particulars	1-1-2017	31-12-2017
Trade Creditors	1,82,000	1,94,000
Trade Debtors	2,75,000	3,15,000
Bills receivables	40,000	35,000
Bills payable	27,000	31,000
Inventories	1,85,000	1,70,000
Outstanding expenses	5,000	8,000

16. Calculate Funds from operations from the following Profit and loss account:

Particulars	Rs.	Particulars	Rs.
To Expenses	3,00,000	By Gross Profit	4,50,000
To Depreciation	70,000	By gain on sale of land	60,000
To Loss on sale of machine	4,000		
To Discount	200		
To Goodwill	20,000		
To Net Profit	1,15,800		
	5,10,000		5,10,000

17. Prepare a schedule of changes in working capital from the following balance sheets

<b>Assets</b>	<b>2016(Rs.)</b>	<b>2017(Rs.)</b>
Fixed assets	18,000	28,000
Investments		
Non-trading	10,000	10,000
Trading	8,000	9,000
Stock	12,000	18,000
Debtors	40,000	48,000
Accrued interest	4,000	6,000
Unexpired insurance	-	3,000
Cash at bank	17,000	2,000
Cash in hand	8,000	1,000
	<u>1,17,000</u>	<u>1,25,000</u>
<b>Liabilities</b>		
Share capital	50,000	50,000
10% debentures	10,000	20,000
Bills payable	18,000	6,000
Outstanding expenses	6,000	9,000
Trade creditors	33,000	40,000
	<u>1,17,000</u>	<u>1,25,000</u>

### SECTION – C

**ANSWER ANY TWO QUESTIONS:**

**(2 x 20 = 40)**

18. Mahatma Gandhi Ltd is a company with an authorized capital of Rs.5,00,000 divided in to 5000 equity shares of Rs.100 each on 31-03-2015, of which 2500 shares were fully called up. The following are the balances extracted from the ledger as on 31-03-2015.

Trail balance of Mahatma Gandhi Ltd.

Debit side	Amount	Credit Side	Amount
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 30.6.15)	6,720	Reserves	25,000
Salaries	18,500	Loans from M.D	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing & stationary	2,400		
Advertisement	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 statement of profit and loss for the year ended 31.03.2015 as on the balance sheet as on the date. The following further information is given as below:

- a. closing stock was valued at Rs. 1,91,500
- b. Depreciation on plant at 15% and on Furniture at 10% should be provided.
- c. A tax provision of Rs. 8000 is considered necessary.
- d. The directors declared an interim dividend for six months ending 30.09.2015 at 6%
- e. provide for corporate dividend tax at 17%.

19. From the following information make out a statement of proprietors funds with as many details as possible.

- a) Current ratio 2.5
- b) Liquidity ratio 1.5
- c) Proprietary ratio(fixed assets/ proprietary fund) 0.75
- d) Working capital Rs. 60,000
- e) Reserves and surplus Rs. 40,000
- f) Bank overdraft Rs. 10,000
- g) There is no long term loan or fictitious asset.

20. From the following Balance sheet as on 31.12.2016 and 31.12.2017, prepare Cash flow Statement:

Liabilities	2017	2016	Assets	2017	2016
Share capital	1,50,000	1,00,000	Fixed assets	1,50,000	1,00,000
Profit & loss	80,000	50,000	Goodwill	40,000	50,000
General reserve	40,000	30,000	Debtors	80,000	50,000
5% Debentures	60,000	50,000	Stock	80,000	30,000
Creditors	40,000	30,000	Bills receivable	20,000	30,000
Outstanding exp	15,000	10,000	Bank	15,000	10,000
	3,85,000	2,70,000		3,85,000	2,70,000

21. From the following data, calculate the Trend percentages taking 2001 as base year.  
(Rs, in 000s)

Assets	2001	2002	2003	2004
Cash	100	120	80	140
Debtors	200	250	325	400
Stock	300	400	350	500
Other current assets	50	75	125	150
Land	400	500	500	500
Building	800	1,000	1,200	1,500
Plant	1,000	1,000	1,200	1,500
	2,850	3,345	3,780	4,690

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