FirstRanker.com
Firstranker's choice
www.FirstRanker.com www.FirstRanker.com

(An
Kattanku lathur –

DEPARTMENT OF MANAGEMENT STUDIES

QUESTION BANK

I SEMESTER

1915103 - ACCOUNTING FOR MANAGEMENT

Regulation – 2019

Academic Year 2019 - 2020

www.FirstRanker.com

Prepared by

Mrs. UMADEVI.A - Asst. Professor (OG) / MBA

Mr. ANAND.J – Asst. Professor (OG) / MBA

www.FirstRanker.com

FirstRanker.com
Firstranker's choice
www.FirstRanker.com www.FirstRanker.com

DEPARTMENT OF MANAGEMENT STUDIES
1915103 - ACCOUNTING FOR MANAGEMENT
QUESTION BANK

Year and Semester	FIRST YEAR – I SEMESTER (ODD)
Subject Code and Name	**1915103 - ACCOUNTING FOR MANAGEMENT**
Faculty Name	**1) Mrs.UMADEVI.A - Asst. Professor (OG) / MBA**
	2) Mr.J.ANAND, Asst. Professor (OG) / MBA

UNIT I FINANCIAL ACCOUNTING

Introduction to Financial, Cost and Management Accounting- Generally accepted accounting principles, Conventions and Concepts- Journal – Ledger - Trial Balance -Preparation of final accounts: Trading, Profit and Loss Account and Balance sheet.

Q.NO	Unit - I - Part - A – Question	Level	Competence
1	Define Accounting & Book-Keeping.	BTL 1	Remember
2	Compare Financial Accounting and Management Accounting	BTL 2	Understand
3	How do you show your understanding about cost concept?	BTL 3	Apply
4	Categorize the forms of assets and liabilities.	BTL 4	Analyze
5	Discuss Accounting Rules.	BTL 5	Evaluate
6	Interpret the usage of Financial Accounting.	BTL 6	Create
7	What is meant by Journal?	BTL 1	Remember
8	Compare Tangible assets and Intangible Assets.	BTL 2	Understand
9	Identify any two major drawbacks of historical accounting.	BTL 3	Apply
10	What do you think about GAAP?	BTL 4	Analyze
11	How is adjustments applied to solve final accounts?	BTL 5	Evaluate
12	How would you evaluate the need for financial accounting?	BTL 6	Create
13	Define Accounting cycle.	BTL 1	Remember
14	Compare gross profit and net profit.	BTL 2	Understand
15	Give some example for usage of management accounting.	BTL 3	Apply
16	What do you think about Revenue Realization Concept?	BTL 4	Analyze
17	What is Balance Sheet?	BTL 1	Remember
18	Classify any four concepts of Accounting.	BTL 2	Understand
19	Define Trial Balance.	BTL 1	Remember
20	What is meant by Ledger?	BTL 1	Remember

www.FirstRanker.com

Q.No	Unit - I - Part - B – Question	Level	Competence
1.	How would you prepare trial balances from the following ledger balances:	BTL 1	Remember

Details	Rs.	Details	Rs.
Opening stock	30000	Purhcases	300000

	Closing stock	14000	Debtors	120000		
	Cash	3000	Discount allowed	3400		
	Bank	5600	Creditors	90000		
	Sales	420000	Salaries	42000		
	Rent	9000	Postage	5600		
	Taxes	1500	Machinery	120000		
	Drawings	20000	Capital	152000		
	Purchases Returns	6000	Salaries Returns	9000		
2	How would you explain generally accepted accounting principles, Conventions and Concepts?				BTL 2	Understand
3	Examine the objectives, functions and advantages and disadvantages of Financial Accounting in detail.				BTL 3	Apply
4	Discover from the following are the balances extracted from the books of Deepak as on 31st December 2015. Prepare Final accounts as on the date.				BTL 4	Analyze
	Details	Rs.	Details	Rs.		
	Capital	20000	Drawings	5000		
	Cash on hand	5000	Cash at Bank	8000		
	Buildings	20000	Machinery	6000		
	Stock on 1.1.2015	3000	Sundry Debtors	8000		
	Sundry Creditors	6000	Repairs	400		
	Commission Paid	700	Wages	1700		
	Rent and Rates	300	Insurance Premium	300		
	Purchases	60000	Sales	96000		
	Purchases Returns	750	Sales Returns	400		
	Furniture and Fixtures	1600	Carriage	200		
	Loan to Ram	1000	Telephone Charges	250		
	Discount Allowed	50	Salaries	600		
	Baddebts	350	Discount earned	100		
5	Categorize the objectives, tools and advantages and disadvantages of Management Accounting in detail.				BTL 5	Evaluate
6	How would you Journalize the following Transactions:				BTL 6	Create
	Date	**Details**		**Rs.**		
	01.01.2015	Bought goods on credit from Raju		200		
	02.01.2015	Goods Returned by Murthy		25		
	03.01.2015	Paid Carriage		50		
	04.01.2015	Received cash from Govind		500		
	05.01.2015	Paid Insurance Charges		50		
	06.01.2015	Sale of type writer		250		

www.FirstRanker.com

	07.01.2015 Sold goods to Hari 150 08.01.2015 Commission received in cash 200		
7	i) Discuss briefly the meaning of a) Tangible assets b) Intangible assets c) Fictitious assets (2+2+2 marks) (6marks) ii) List the branches of accounting and users of accounting information and their requirements. (6 marks)	BTL 1	Remember
8	i) Compare profit and loss account and balance sheet using an illustration.(7 marks) ii) Compare between Financial, Cost and Management Accounting. (6 marks)	BTL 2	Understand
9	Construct a Accounting plan for activities to be carried out by managers in recent times highlighting the current trends.	BTL 3	Apply
10	Analyze the accounting cycle; explain classification and rules of accounts in detail.	BTL 4	Analyze
11	How would you describe the objectives, functions and preparation of financial statements?	BTL 1	Remember
12.	Explain the difference of profit & loss account and balance sheet in detail.	BTL 2	Understand
13.	Analyze from the following trial balance, prepare trading, profit & loss account for the year ended 31-12-2015 and a Balance sheet as on that date:	BTL 4	Analyze

Debit	Rs.	Credit	Rs.
Purchases	11870	Capital	8000
Debtors	7580	Bad debts recovered	250
Return inwards	450	Creditors	1250
Bank deposit	2750	Return outwards	350
Rent	360	Bank overdraft	1570
Salaries	850	Sales	14690
Travelling expenses	300	Bills payable	1350
Cash	210		
Stock	2450		
Discount allowed	40		
Drawings	600		
TOTAL	***27460***	***TOTAL***	***27460***

Adjustments:
The closing stock on 31-12-2015 was Rs.4200
Write off Rs.80 as bad debts and create a reserve for bad debts at 5% on sundry debtors, 3 months rent is outstanding.

14.	i) How would you describe the final Accounts for the year ended on 31st march 1994? The following balances were extracted from the books of Prasad on 31st March 1994.	BTL 1	

Details	Rs.	Details	Rs.

www.FirstRanker.com

Capital	50,000	Creditors	5,000	
Drawings	4,000	Bad debts	1100	
General Expenses	5,000	Loan	15760	
Buildings	22,000	Sales	130720	
Machinery	18,680	Purchases	94000	
Stock	32,400	Motor Car	4000	
Power	4,480	Reserve Fund (Cr.)	1800	
Taxes & Insurance	2630	Commission (Cr.)	2640	
Wages	14400	Car Expenses	3600	
Debtors	12560	Bills Payable	6700	
Bank Overdraft	6600	Cash	160	
Charity	210			

Stock on 31st March 1994 was valued at Rs.47,000.

Remember

Q.No	Unit - I - Part - C – Questions
1	What is Trading, Profit and Loss Account and Balance sheet? Discuss its importance and limitations, Draw specimen of balance sheet.
2	Illustrate the Journal from the following transactions and post them into ledger.

Date (March 2016)	Details	Rs.
1	Ali commenced with cash	10000
2	Paid into Bank	8000
3	Bought goods for cash	500
4	Bought Furniture for office	400
5	Drew from Bank cash for office use	1000
6	Goods sold to Khan	600
7	Bought goods from Ali	400
8	Paid trade expenses	100
9	Paid to ali on account	400
10	Received cash from Khan	600
11	Paid Rent	200
12	Cash sales	12000

3 Solve the problem from the following particulars of Mrs.S prepare a trading and profit and loss account and Balance sheet for the year ending 31st march 2016.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		750000
Cash	40000	
Buildings	400000	
Salary	110000	
Rent & Taxes	21000	
Opening Stock	120000	
Machinery	120000	
Drawings	40000	
Purchases	500000	
Sales		750000
Carriage inwards	5000	
Fuel, Gas	37000	

www.FirstRanker.com

	Sundry Debtors	250000	
	Sundry Creditors		120000
	Bills Receivables	53000	
	Dividend Received		28000
	Loan		60000
	Bad debts	2000	
	Advertisement	16000	
	Reserves		6000
	TOTAL	**1714000**	**1714000**

ADJUSTMENTS:
Closing stock Rs.140000
Write off Rs.10,000 depreciation
Salaries outstanding is Rs.10000
Rs.1,000 of advertisement relates to the next accounting year
Transfer Rs.4000 to reserves.

4 Analyze from the following trial balance of Ravi, prepare trading and profit and loss account for the year ended December 31st 2015 and a balance sheet as on that date:

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15000	
Salaries	2000	
Rent	1500	
Insurance	300	
Drawings	5000	
Machinery	28,000	
Bank Balance	4500	
Cash	2000	
Stock 1-1-2016	5200	
Debtors	2500	
Creditors		1,000
TOTAL	**66,000**	**66,000**

Adjustments Required:
Stock on 31-12-2015 Rs.4900
Salaries Unpaid Rs.300
Rent paid in advance Rs.200
Insurance prepaid Rs.90

www.FirstRanker.com

UNIT II – COMPANY ACCOUNTS **12**

An introduction to Company Final Accounts -Maintenance of Books of Account-Statutory Books-Profit or Loss Prior to incorporation- Alteration of share capital- Preferential allotment, Employees stock option- Buyback of securities.

Q.No	Unit - II - Part - A – Question	Level	Competence
1	What is a company?	BTL 1	Remember
2	Differentiate Profit and loss account and Profit and loss appropriation account.	BTL 2	Understand
3	How would you show your understanding of Buy back of shares?	BTL 3	Apply
4	List any two methods of alteration of share capital.	BTL 4	Analyze
5	Can you assess the value or importance of Shares?	BTL 5	Evaluate
6	Interpret the need for capital reduction.	BTL 6	Create
7	Define company accounts. What are its characteristics?	BTL 1	Remember
8	How would you explain forfeiture of shares?	BTL 2	Understand
9	Give an imaginary profit and loss appropriation account of a limited company.	BTL 3	Apply
10	What are the components of final accounts of Joint stock company?	BTL 1	Remember
11	What do you meant by Dividend?	BTL 1	Remember
12	What is Employee stock option Scheme?	BTL 2	Understand
13	What are the methods of valuation of shares of a company?	BTL 3	Apply
14	How company final accounts are prepared?	BTL 4	Analyze
15	List the factors to be considered for evaluating the goodwill	BTL 5	Evaluate
16	Can you list any two preconditions for preferential allotment?	BTL 6	Create
17	What are Statutory Books?	BTL 1	Remember
18	Compare between the capital reduction scheme and a reorganization scheme for reconstruction.	BTL 2	Understand
19	Analyze the rules in provision on buy back of shares.	BTL 3	Apply
20	Define Share.	BTL 1	Remember

www.FirstRanker.com

Q.No	Unit - II - Part - B – Question	Level	Competence
1	i)Define company and explain its features of a company in detail? (7 marks) ii) How would you explain maintenance of books of account as per company act? (6 marks)	BTL 1	Remember
2	A limited company issued 10, 000 equity shares of Rs. 10 each payable as under Rs.2 on application, Rs.5 on allotment, Rs. 3 on final call. The pubic applied for 8000 shares which were allotted. All the money due on shares was received except the final call on 100 shares. These shares were forfeited and re-issued at Rs. 8 per share. Show the Journal Entries in the books of the company.	BTL 2	Understand
3	A limited company issued 10000 equity shares of Rs.10 each, payable Re.1 on application, Rs.2 on allotment, Rs.3 on first call, Rs.4 on final call. All shares were subscribed and amounts duly received. How would you show your entries in the books of the company?	BTL 3	Apply

4	Mona Earth Mover Ltd. Decided to issue 12,000 shares of Rs.100 each payable at Rs.30 on application, Rs.40 on allotment, Rs.20 on first call and balance on second and final call. Applications are received for 13,000 shares. The directors decided to reject application of 1000 shares and their application money being refunded in full. The allotment money is duly received on all the shares, and all sums due on calls are received except on 100 shares. Analyze the transactions in the books of Mona earth mover ltd.	BTL 4	Analyze
5	Discuss the employee's stock option scheme and its advantages and disadvantages ESOP.	BTL 5	Evaluate
6	Eastern company Ltd. Issued 40,000 shares of Rs.10 each to the public for the subscription of its share capital, payable at Rs.4 on application, Rs.3 on allotment and the balance on 1st and final call. Applications were received for 40,000 shares. The company made the allotment to the applicants in full. All the amounts due on Allotment and first and final call were duly received. Conclude the journal entries in the books of the company.	BTL 6	Create
7	Can you identify the sources and conditions of Buyback of securities?	BTL 1	Remember
8	i) What is a preferential allotment? Describe the guidelines as to preferential allotment. (7 marks) ii) How would you summarize Employee Stock Ownership Plan? (6 marks)	BTL 2	Understand
9	Explain the terms 'Over subscription' and 'under-subscription'. How are they dealt with in accounting records?	BTL 3	Apply
10	Analyze the factors to be considered for accounting treatment of Profit Prior to incorporation? Explain the different methods of computing Profit or Loss Prior to incorporation?	BTL 4	Analyze
11	How would you explain the legal procedure for alteration in share capital in detail.	BTL 1	Remember
12	Cronic Limited issued 10,000 equity shares of Rs.10 each payable at Rs.2.50 on application, Rs.3 on allotment, Rs.2 on first call, and the balance of Rs.2.50 on the final call. All the shares were fully subscribed and paid except of a shareholder having 100 shares who could not pay for the final call. Show the journal entries to record these transactions.	BTL 2	Understand
13	Rohit and company issued 30,000 shares of Rs.10 each payable Rs.3 on application, Rs.3 on allotment and Rs.2 on first call after two months. All money due on allotment was received, but when the first call was made a shareholder having 400 shares did not pay the first call and a shareholder of 300 shares paid the money for the second and final call of Rs.2 which had not been made as yet. List the necessary journal entries in the books of the company.	BTL 4	Analyze

www.FirstRanker.com

14	A CO Ltd was incorporated on may 1, 2016 to take over the of X AND CO. as a going concern from January 2016. The profit and loss account for the year ending December 31, 2016 was as follows.	BTL 1	Remember

Profit and Loss account of A CO ltd for the year ended 31-12.2016

Dr		Cr	
Particular	**Rs**	**Particular**	**Rs**
To rent & taxes	12,000	By trading account	1,55,000
To insurance	3,000		
To EB	2,400		
To salaries	36,000		
To directors fee	3,000		
To auditors fee	1,600		
To commission	6,000		
To advertisement	4,000		
To discount	3,500		
To office expenses	7,500		
To carriage	3,000		
To bank charges	1,500		
To Preliminary expenses	6,500		
To bad debts	2,000		
To interest on loan	3,000		
To net profit	60,000		
	1,55,000		**1,55,000**

The total turnover for the year ending December 31,2016 was Rs 5,00,000 divided into Rs 1,50,000 for the period upto may 1, 2016 and Rs 3,50,000 for the remaining period. Prepare the profit and loss account and ascertain the 'Profit prior to' and after incorporation.

www.FirstRanker.com

Q.No.	Unit - II - Part - C – Question
1.	A Ltd. Offered 100,000 equity shares of nominal value of Rs.10 each for public subscription at Rs.12. The amount payable on the shares were shares were on application Rs.450; on allotment (including premium)Rs.4.50; on first and final call Rs.3.00 The actual subscription was only for 90,000 shares. All money payable by shareholders was received from sudhakar who had taken 1,000 shares but failed to pay the final call. His shares were forfeited and reissued to Prabhakar at Rs.6 each. Show journal entries in the books of the company in respect of the above (including cash transactions).
2.	Mohan company Ltd., was incorporated on 30th June 2005 to take over the of K.Mohan as from 1st January 2015. The financial accounts for the year ended 31st December 2015.

Particulars	Rs.	Rs.
Sales:		
January to June	120,000	
July to December	180,000	
Total		*3,00,000*

Less: Purchases: January to June July to December	 75000 120,000	 195,000
Gross Profit		1,05,000
Less: Salaries Selling expenses Depreciation Directors remuneration Debenture Interest Administration Expenses(Rent, Rates etc.)	15000 3000 1500 750 90 4500	 24840
Balance		80,160

You are request to prepare a statement apportioning the balance of profit between the periods prior to after incorporation and show the profit and loss appropriation account for the year ended 31st December 2015.

3. Poornima Ltd., incorporated in April 1, 2008, with a capital of Rs.50,000 in equity shares of Rs.10 each took over the running of poornima as from January 1, 2008. The purchase price Rs.20,000 was settled on July 1, 2008, together with interest at 10% per annum by fully paid shares for Rs.17500 and the balance by cheque.

To company's Trial Balance as on December 31, 2008, was as below:

Particulars	Rs.	Rs.
Cash and Bank balances (Cash Rs. 180)	4,860	
Share capital		22,500
Land and Buildings	8,000	
Fixtures	750	
Cycles	1000	
Salaries	1200	
Purchases	48500	
Sales		45000
Debtors and Creditors	4500	3000
Rent from tenants		600
Rent, Rates and taxes	300	
Building upkeep	150	
Director's fees	720	
Sundry charges	120	
Interest to vendor	1000	
Total	***71,100***	***71,100***

Prepare the final accounts for the year ending December 31, 2008, considering the following additional details:

Stock at end Rs.14,000

Bad debts Rs.200 (including Rs.50 on debtors taken over from vendor) to be written off.

Sales above include sales up to april, 1, 2008, Rs.7500.

Provide for doubtful debts.Rs.250

Depreciate Buildings 5% and cycles 20%

4. A Ltd. Was registered with an authorized capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its trail balance on 31st March 2008.

Particulars	Debit (Rs.)	Credit (Rs.)

www.FirstRanker.com

Goodwill	25,000	
Cash	750	
Bank	39,900	
Purchases	185000	
Preliminary expenses	5000	
Share capital		400000
12% Debentures		300000
P & L A/C (Cr.)		26250
Calls in arrears	7500	
Premises	300000	
Plant and machineries	330000	
Interim Dividend	39250	
Sales		415000
Stock (1.4.2007)	75000	
Furniture & Fixtures	7200	
Sundry Debtors	87000	
Wages	84865	
General Expenses	6835	
Freight and carriage	13115	
Salaries	14500	
Directors Fees	5725	
Bad debts	2110	
Debentures interest paid	18000	
Bills payable		37000
Sundry creditors		40000
General reserve		25000
Provision for bad debts		3500
Total	**1246750**	**1246750**

Prepare Profit and Loss account, Profit and Loss appropriation A/C and balancesheet in proper form after making the following adjustments:
Depreciate Plant and machinery by 15%
Write off Rs.500 from preliminary expenses
Provide for 6 months interest on debentures
Leave bad and doubtful debts provision at 5% on sundry debtors
Provide for income tax at 50%
Stock on 31-3-2008 was Rs.95,000

www.FirstRanker.com

UNIT III - ANALYSIS OF FINANCIAL STATEMENTS 12

Analysis of financial statements: Comparative Statements-Common size statements-Trend analysis – Financial ratio analysis, Uses and limitations of Ratio analysis-cash flow (as per Accounting Standard 3) and funds flow statement analysis.

Q.No	Unit - III - Part - A – Question	Level	Competence
1	What are financial statements?	BTL 1	Remember
2	List out various sources and applications of cash.	BTL 2	Understand
3	How would you show your understanding of debt equity ratio?	BTL 3	Apply
4	List any two objectives of financial statements?	BTL 4	Analyze
5	Can you assess the value or importance of funds flow statement?	BTL 5	Evaluate
6	Differentiate between cash flow and funds flow statements.	BTL 6	Create
7	What does cash flow analysis mean?	BTL 1	Remember
8	How would you explain funds flow statement?	BTL 2	Understand
9	How the various activities are classified (as per AS-3 revised) while preparing cash flow statement?	BTL 3	Apply
10	What is meant by Trend analysis?	BTL 4	Analyze
11	Can you identify the uses of cash flow statement?	BTL 5	Evaluate
12	What is the difference between current ratio and liquid ratio	BTL 6	Create
13	Can you recall the scope & significance of Ratio analysis?	BTL 1	Remember
14	Outline the scope of Common size statements.	BTL 2	Understand
15	How would you show your understanding of Cash inflow and cash outflow?	BTL 3	Apply
16	Calculate Debtors Turnover Ratio from the following: Total Sales 2,00,000 Cash Sales 40,000 Opening debtors 35,000 Closing Debtors 45,000	BTL 4	Analyze
17	Define Current ratio.	BTL 1	Remember
18	What is the meaning of 'Funds from operations'?	BTL 2	Understand
19	What are the benefits of schedule of changes in working capital?	BTL 1	Remember
20	Can you list the types of working capital.	BTL 1	Remember

Q.No	Unit - III - Part - B – Question	Level	Competence
1	i)What are the essential attributes of financial statements – importance and limitations of it? (7 marks) ii) Current Ratio is 3:5. Working capital is Rs.9,00,000. How would you show current assets and current liabilities. (6 marks)	BTL 1	Remember
2	i) Explain the various tools and techniques of financial statements. (7 marks) ii) Shine Limited has a current ratio 4.5:1 and quick ratio 3:1; if the stock is 36,000. Show current liabilities and current assets. (6 marks)	BTL 2	Understand
3	Define Ratio Analysis; List the advantages and Disadvantages of it.	BTL 3	Apply
4	Discuss briefly the various methods of classification or types of Ratios.	BTL 4	Analyze

www.FirstRanker.com

<table>
<tr><td>5</td><td>Show the balance sheet of the concern from the following details:
<table>
<tr><td>Stock velocity</td><td>6</td></tr>
<tr><td>Capital turnover ratio</td><td>2</td></tr>
<tr><td>Fixed assets turnover ratio</td><td>4</td></tr>
<tr><td>Gross profit ratio</td><td>20%</td></tr>
<tr><td>Debt collection period</td><td>2 months</td></tr>
<tr><td>Creditors payment period</td><td>73 days</td></tr>
</table>
The gross profit was Rs.60,000 closing stock was Rs.5000 in excess of the opening stock.</td><td>BTL 5</td><td>Evaluate</td></tr>
<tr><td>6</td><td>Evaluate the specimen of Comparative Statements-Common size statements.</td><td>BTL 6</td><td>Create</td></tr>
<tr><td>7</td><td>i) Prepare common size statement from the following.
<table>
<tr><th>Particular</th><th>2017</th><th>2018</th></tr>
<tr><td>Sales</td><td>30,00,000</td><td>35,00,000</td></tr>
<tr><td>Cost of production</td><td>15,50,000</td><td>17,00,000</td></tr>
<tr><td>Administrative expense</td><td>5,00,000</td><td>6,50,000</td></tr>
<tr><td>Selling expense</td><td>2,00,000</td><td>2,30,000</td></tr>
<tr><td>Interest</td><td>3,50,000</td><td>3,70,000</td></tr>
<tr><td>Divided received (income)</td><td>2,50,000</td><td>2,00,000</td></tr>
</table>
ii)Prepare a comparative statement from the following.
<table>
<tr><th>Particuluar</th><th>2017</th><th>2018</th></tr>
<tr><td>Sales</td><td>25,00,000</td><td>30,00,000</td></tr>
<tr><td>Cost of goods sold</td><td>14,00,000</td><td>15,50,000</td></tr>
<tr><td>Operation expense :
Administrative expenses
Selling expenses</td><td>
3,50,000
2,70,000</td><td>
2,90,000
3,60,000</td></tr>
<tr><td>Non operation expenses:
Interest
Income tax</td><td>
1,60,000
1,70,000</td><td>
1,40,000
3,30,000</td></tr>
</table></td><td>BTL 1</td><td>Remember</td></tr>
<tr><td>8</td><td>Explain the terms funds, funds flow and funds flow statement, List the advantages and Disadvantages of it.</td><td>BTL 2</td><td>Understand</td></tr>
<tr><td>9</td><td>Identify the preparation of schedule of changes in working capital and Adjusted Profit and Loss Account.
Explain terms operating activities, inventory activities, financing activities.</td><td>BTL 3</td><td>Apply</td></tr>
</table>

www.FirstRanker.com

10	i) Analyze the procedure for the preparation of funds flow statement. ii) The summarized balance sheet of KLtd as on 31.3.2015 nad 31.5.2016 are as follows		Analyze

Liabilities	**2017**	**2018**	**Assets**	**2017**	**2018**
	Rs	Rs		Rs	Rs
Share capital	10000	15000	Fixed assets	10000	20000
P/L a/c	4000	6000	Current assets	13000	14500
Provision for tax	2000	3000			
Proposed dividend	1000	1500			
Sundry creditor	4000	6000			
Outstanding expenses	2000	3000			
Total	**23000**	**34500**	**Total**	**23000**	**34500**

i) Tax paid during the year 2018 Rs 2500.
ii) Dividend paid during 2018 Rs 1000.

Prepare a statement of sources and applications of funds, showing changes in the working capital.

www.FirstRanker.com

11 How would you describe funds flow statement from the following figures.

Liabilities	31-12-2001	31-12-2002	Assets	31-12-2001	31-12-2002
Creditors	319000	365000	Cash	130000	40000
Provision for dividend	------	200000	Debtors	100000	160000
Long term loan	--------	535000	Stock	235000	255000
Equity capital	3600000	4000000	Land and Buildings	540000	1020000
Surplus	100000	129000	Plant and Machinery	2804000	3544000
			Furniture	210000	210000
Total	**4019000**	**5229000**	**Total**	**4019000**	**5229000**

BTL 1 — Remember

12 Show the funds from operation and cash from operation from the following balance sheets of subha Ltd?

Particulars	1997 (Rs.)	1998 (Rs.)
Equity share capital	400000	400000
Reserves and surplus	282000	346000
Depreciation Reserve	20000	28000
Secured loans	40000	60000
Creditors for goods	129000	106000
Outstanding expenses	17000	3000
Total	***888000***	***943000***
Plant and Equipment (Cost)	570000	600000
Inventories	196000	226000
Debtors	79000	57000
Cash at Bank	43000	60000
Total	***888000***	***943000***

BTL 2 — Understand

13 Analyze and prepare the cash flow statement. A summary of the financial position of Mr.x for the year 1996 and 1997 is given as follows:

Liabilities	1996	1997	Assets	1996	1997
Capital	70000	83000	cash	7000	13000
Creditors	10000	12000	Debtors	20000	18000
			Stock	40000	52000
			Fixed assets	13000	12000
Total	**80000**	**95000**	**Total**	**80000**	**95000**

There were no drawings or sale of fixed assets during the year.

BTL 4 — Analyze

14 How would you describe funds flow statement for the year ended 31st December 2001 from the following particulars?

Particulars	Rs.
Net profit before writing off goodwill	**21500**
Depreciation written off on fixed assets	3500
Goodwill written off from profits	5000

BTL 1 — Remember

www.FirstRanker.com

Dividends paid	7000
Shares issued for cash	10000
Purchase of machinery	20000
Increase in working capital	8000

Q.No	Unit - III - Part - C – Questions

1

Prepare common size statement from the following.

Particular	2017	2018
Assets		
Cash	2,70,000	2,90,000
Debtors	1,70,000	1,50,000
Stock	1,20,000	1,00,000
Outstanding Income	30,000	20,000
Prepaid Expenses	10,000	30,000
Fixed assets	11,00,000	14,10,000
	17,00,000	**20,00,000**
Liabilities		
Creditors	1,40,000	1,50,000
Bills payable	60,000	40,000
Long term loan	5,00,000	6,10,000
Capital	10,00,000	12,00,000
	17,00,000	**20,00,000**

2

From the balance sheets of ABC ltd., make out :

i. A statement of changes in the working capital
ii. A funds flow statement

Balance Sheet

Liabilities	31.03.1999	31.03.2000	Assets	31.03.1999	31.03.2000
Eq. Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% redeemable pref. S. Capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
P/L a/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividends	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Following is the additional information available :

1. Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and land and buildings respectively in the year 2000.
2. An interim dividend of Rs. 20,000 has been paid in the year 2000.
3. Income tax of Rs. 35,000 has been paid in the year 2000.

3

Following are the balance sheets of Krishna Ltd Jaipur, for the year 2008 and 2009.

www.FirstRanker.com

Liabilities	31.03.2008	31.03.2009	Assets	31.03.2008	31.03.2009
Eq. Share Capital	3,00,000	3,50,000	Fixed Assets (Net)	5,10,000	6,20,000
15% pref. S. Capital	2,00,000	1,00,000	Investments	30,000	80,000
15% Debentures	1,00,000	2.00,000	Current Assets	2,00,000	3,05,000
Reserves & Surplus	1,10,000	2,70,000	Cash –in-hand	40,000	70,000
Current Liabilities	80,000	1,60,000	Discount on Issue of Debentures	10,000	5,000
	7,90,000	10,80,000		7,90,000	10,80,000

Additional Information :

i. A machine with a book value of Rs. 40,000 was sold for Rs. 25,000.
ii. 15% preference shares were redeemed at a premium of 15% on 31.3.09 for Rs. 1, 00,000.
iii. Dividend on equity shares @ 15% was paid for the year 2008 during 2009.
iv. Depreciation charged during 2009 was Rs. 60,000.

You are asked to prepare a Cash Flow as per AS -3 (revised).

4 Describe the procedure for preparation of cash flow statement in details.

www.FirstRanker.com

UNIT IV COST ACCOUNTING & BUDGETARY CONTROL 12

Cost Accounts - Classification of manufacturing costs - Accounting for manufacturing costs. Cost Accounting Systems -Marginal costing including Exploring new markets and Make or Buy decisions – Budget - Budgetary Control - Standard cost system & Variance Analysis.

Q.No	Unit - IV - Part - A – Questions	Level	Competence
1	What is Zero based budgeting?	BTL 1	Remember
2	Compare ABC and traditional costing approach.	BTL 2	Understand
3	How do you show your understanding on the concept 'Break Even Analysis'?	BTL 3	Apply
4	Classify the elements of cost.	BTL 4	Analyze
5	Discuss the concept of Break Even Point.	BTL 5	Evaluate
6	Interpret the features of marginal costing.	BTL 6	Create
7	Define cost accounting.	BTL 1	Remember
8	Summarize the functions of cost accounting.	BTL 2	Understand
9	Identify the essentials of good budgetary control system.	BTL 3	Apply
10	Classify the types of budget.	BTL 4	Analyze
11	What conclusions can you draw from Margin of Safety and CVP analysis?	BTL 5	Evaluate
12	Justify the usage of cost sheet.	BTL 6	Create
13	What is Make or Buy decisions?	BTL 1	Remember
14	Compare Variance and Idle Time Variance.	BTL 2	Understand
15	How would you show your understanding on Marginal costing?	BTL 3	Apply
16	Conclude your understanding on budgetary control.	BTL 4	Analyze
17	What is meant by allocation and absorption of overheads?	BTL 1	Remember
18	Differentiate between budgetary control and standard costing.	BTL 2	Understand
19	How would you describe fixed overheads?	BTL 1	Remember
20	Define budget?	BTL 1	Remember

www.FirstRanker.com

PART- B

S.NO	QUESTIONS	Level	Competence
1	Define Cost Accounting. Write in detail about objectives, functions of Cost Accounting and how is it useful to the ?	Level 1	Remembering
2	Explain a company working at 50% capacity manufactures 10,000 units of a product. At 50% capacity the product cost is Rs. 180 & sale price Rs.200, the breakup of the cost is as below **Particulars** / **Cost per unit** Material: 100 Wages: 30 Factory overheads: 30(40%fixed) Administration overheads: 20(50% fixed) At 60% working raw material cost goes up by 2% & sales price falls by 2% at 80% working the raw material cost increases by 5% and sale price decreases by same percent. i.e. 5%. Prepare a statement to show profitability at 60% and 80% Capacity	Level 2	Understanding
3	How do you show your understanding on the concept of Classification of manufacturing costs & Accounting for manufacturing costs in detail?	Level 3	Applying

<table>
<tr><td>4</td><td>From the following data calculate break event point.
<table>
<tr><th>Particulars</th><th>Rs.</th></tr>
<tr><td>Selling price per unit</td><td>20</td></tr>
<tr><td>Direct material cost per unit</td><td>8</td></tr>
<tr><td>Direct labour cost per unit</td><td>2</td></tr>
<tr><td>Direct expenses per unit</td><td>2</td></tr>
<tr><td>Overheads per unit</td><td>3</td></tr>
<tr><td>Fixed overheads (total)</td><td>20,000</td></tr>
</table>
If sales are 20% above the break-even point, determine the net profit.
Analyze how Break-even chart is constructed?</td><td>Level 4</td><td>Analysing</td></tr>
<tr><td rowspan="2">5</td><td>i) Describe the various methods of cost accounting.</td><td rowspan="2">Level 5</td><td rowspan="2">Evaluating</td></tr>
<tr><td>ii) Explain Advantages and Disadvantages of cost accounting.</td></tr>
<tr><td>6</td><td>Justify your comments on the Statement. “Cost Accounting is an essential tool of Management”. Interpret the term ‘Variance’ under standard costing, and discuss its significance.</td><td>Level 6</td><td>Creating</td></tr>
<tr><td>7</td><td>How would you explain a flexible budget for the half year and forecast process at 60%, 75%, 90% & 100% respectively.
<table>
<tr><th>Particulars</th><th>Rs. In lakhs</th><th></th></tr>
<tr><td>Fixed expenses</td><td></td><td></td></tr>
<tr><td>Wages</td><td>16.8</td><td></td></tr>
<tr><td>Rent, taxes, etc.</td><td>11.2</td><td></td></tr>
<tr><td>Depreciation</td><td>14.0</td><td></td></tr>
<tr><td>Administrative expenses</td><td>17.8</td><td>59.8</td></tr>
<tr><td>Semi variable expenses(@ 50% capacity)</td><td></td><td></td></tr>
<tr><td>Repair & maintenance</td><td>5.0</td><td></td></tr>
<tr><td>Indirect labour</td><td>19.8</td><td></td></tr>
<tr><td>Sales department salaries</td><td>5.8</td><td></td></tr>
<tr><td>Sundry administration expenses</td><td>5.2</td><td>35.8</td></tr>
<tr><td>Variable expenses (@ 50% capacity)</td><td></td><td></td></tr>
<tr><td>Material</td><td>48.0</td><td></td></tr>
<tr><td>Labour</td><td>51.2</td><td></td></tr>
<tr><td>Other expenses</td><td>7.6</td><td>106.8</td></tr>
</table>
Assume that fixed expenses remain constant at all levels, semi variable expenses remain constant between 40% and 65%, 10% increase between 65% and 85% and 20% increase between 85% and 100%. Sales at various levels are as under 60% capacity Rs.200 lakhs, 75% capacity Rs. 240 lakhs. 90% capacity Rs.300 lakhs. 100% capacity Rs.340 lakhs.</td><td>Level 1</td><td>Remembering</td></tr>
<tr><td rowspan="2">8</td><td>(i)Will you interpret the materials mix variance from the following? (7 marks)
<table>
<tr><th>Material</th><th>Actual</th><th>Standard</th></tr>
<tr><td>A</td><td>90 units at Rs.12 each</td><td>100 units at Rs.12 each</td></tr>
<tr><td>B</td><td>60 units at Rs.15 each</td><td>50 units at Rs. 16 each.</td></tr>
</table></td><td rowspan="2">Level 2</td><td rowspan="2">Understanding</td></tr>
<tr><td>(ii) Summarize the advantages and limitations of Zero Base Budgeting. (6 marks)</td></tr>
</table>

www.FirstRanker.com

<table>
<tr><td>9</td><td>Following are the sales turnover and profit during 2 years :
<table><tr><td>Year</td><td>Sales (Rs)</td><td>Profit (Rs)</td></tr><tr><td>2000</td><td>1,40,000</td><td>15,000</td></tr><tr><td>2001</td><td>1,60,000</td><td>20,000</td></tr></table>You are required to calculate
1. p/v ratio 25% (4 marks)
2. Sales required to earn a profit of Rs.40,000 (4 marks)
3. Profit when sales are Rs.1,20,000 (5 marks)</td><td>Level 3</td><td>Applying</td></tr>
<tr><td>10</td><td>i)Explain in detail the advantages and disadvantages of budgetary control system. (7 marks)
(ii) Compare traditional budgeting and ZBB. (6 marks)</td><td>Level 4</td><td>Analysing</td></tr>
<tr><td>11</td><td>(i)Can you prepare a flexible budget for overheads on the basis of the following data and ascertain overheads rates at 50%, 60% and 70% capacity. (7 marks)
<table><tr><td>Particulars</td><td>At 60% capacity</td></tr><tr><td>Variable overheads:</td><td></td></tr><tr><td>Indirect labour</td><td>6,000</td></tr><tr><td>Indirect material</td><td>18,000</td></tr><tr><td>Semi variable overheads:</td><td></td></tr><tr><td>Electricity (40% fixed 60%variable)</td><td>30,000</td></tr><tr><td>Repairs (80% fixed 20% variable)</td><td>3,000</td></tr><tr><td>Fixed overheads:</td><td></td></tr><tr><td>Depreciation</td><td>16,500</td></tr><tr><td>Insurance</td><td>4,500</td></tr><tr><td>Salaries</td><td>15,000</td></tr><tr><td>Total overheads</td><td>93,000</td></tr><tr><td>Estimated direct labour hours</td><td>1,86,000</td></tr></table>ii) Analyze the advantages and disadvantages of budgetary control system. (6marks)</td><td>Level 1</td><td>Remembering</td></tr>
<tr><td>12</td><td>i) Summarize the essentials of budgetary control system; explain types of budget in detail.
ii) Explain steps involved in budgeting in detail.</td><td>Level 2</td><td>Understanding</td></tr>
<tr><td>13</td><td>Can you assess the important applications of marginal costing for managerial decisions?</td><td>Level 4</td><td>Analysing</td></tr>
<tr><td>14</td><td>Define Zero base budgeting. What are the different steps involved in it and how is it useful to the ?</td><td>Level 1</td><td>Remembering</td></tr>
</table>

www.FirstRanker.com

Q.No	Unit - IV - Part - C – Questions
1	i) Explain the differences between Standard Costing and Budgetary Control. ii) Explain Make or Buy decisions in details.
2	From the following budget data, forecast the cash position at the end of April, May and June 2003. Income and Expenditure forecast (see table below) Additional Information : i. Sales: 20% realized in the month of sales, discount allowed 2%. Balance realized equally in two subsequent months. ii. Purchases: These are paid in the month following the month of supply. iii. Wages: 25% paid in arrears following month. iv. Rent: Rs. 1,000 per month paid quarterly in advance due in April. v. Income –Tax: First installment of advance tax Rs. 25,000 due on or before 15th June. vi. Income from investments: Rs. 5,000 received quarterly, in April, July, etc. vii. Cash in hand: Rs.5, 000 on 1st April, 2003.
3	Calculate : i. The amount of fixed expenses. ii. Break even sales iii. The number of units to break-even. iv. The number of units to earn a profit of Rs. 40,000. You are provided with the following information : (1) The selling price per unit can be assumed at Rs. 100. (2) The company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs. 10,000 and earned Rs. 10,000 as profit respectively.
4	The turnover and profits of the two years were as follows (see table below) The selling price per unit is Rs 120 Calculate • P/V Ratio, • FC, • Sales at BEP, • The number of units to be sold to earn a profit of Rs 45,000, • profit when sales are 30,000 units

Income and Expenditure forecast

Month	Sales(Rs.)	Purchases (Rs.)	Wages (Rs.)	Miscellaneous (Rs.)
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

The turnover and profits of the two years were as follows

Particulars	Sales	Profit/loss
I year	8000 units	15000 loss
II Year	10000 units	15000 profit

www.FirstRanker.com

UNIT V ACCOUNTING IN COMPUTERISED ENVIRONMENT AND TRENDS 12

Terms used in Computerized Accounting-Significance of Computerized Accounting System- Codification and Grouping of Accounts, Maintaining the hierarchy of ledgers- Prepackaged Accounting software.

Q.No	Unit - V - Part - A – Questions	Level	Competence
1	Define the term 'codification' and 'grouping of accounts'.	BTL1	Remember
2	Compare computerized accounting system and manual accounting system?	BTL2	Understand
3	Identify the usage of ERP.	BTL3	Apply
4	What do you think about computerized accounting?	BTL4	Analyze
5	Can you assess the benefits of computerized accounting system?	BTL5	Evaluate
6	Interpret the necessity of codifying the accounts.	BTL6	Create
7	List the uses of Accounting Software?	BTL1	Remember
8	Compare computer security problems and VIRUS problem.	BTL2	Understand
9	How would you show your understanding about reserved account groups?	BTL3	Apply
10	What do you think about adhoc report?	BTL4	Analyze
11	Compile your views on standard integration?	BTL5	Evaluate
12	How would you evaluate the need for on-line processing?	BTL6	Create
13	List the types of accounting software.	BTL1	Remember
14	Explain the principles of real time processing.	BTL2	Understand
15	How would you show your understanding about outsourcing of accounting function?	BTL3	Apply
16	How are accounts grouped for computerization?	BTL4	Analyze
17	What is pre-packaged accounting software? and list any two uses.	BTL1	Remember
18	Distinguish between data validation and data processing.	BTL2	Understand
19	What is meant by data entry & accounting software package?	BTL1	Remember
20	List the advantages of data coding.	BTL1	Remember

www.FirstRanker.com

Q.No	Unit - V - Part - B – Questions	Level	Competence
1	(i)What is accounting software? Why should we use it? (6 marks) (ii)List the different types of accounting software. (7 marks)	BTL 1	Remember
2	(i)Explain the factors to be considered for selecting Pre-packaged accounting software. (7 marks) (ii) Explain the advantages and disadvantages of Pre-packaged accounting software. (6 marks)	BTL 2	Understand
3	Identify the procedure involved in the creation, alteration and deletion of ledger accounts in tally.	BTL 3	Apply
4	(i)Analyze the significance of Computerized Accounting System. (7 marks) (ii) What inference can you make from the limitations of Computerized Accounting system? (6 marks)	BTL 4	Analyze
5	(i)Can you assess the importance of accounting system in ? (5 marks) (ii) Compile your views about the security problems in any organization using computers. (8 marks)	BTL 5	Evaluate
6	How will you evaluate the various facilities to be provided by the user friendly	BTL 6	Create

	accounting software package?		
7	List the merits and demerits of maintaining computerized accounts in spread sheet.	BTL 1	Remember
8	Explain the statement "Do you agree that a computerized environment of accounts will ensure flawless accounting system"?	BTL 2	Understand
9	How would you show your understanding about codification and grouping of accounts in a computerized environment and manual accounts?	BTL 3	Apply
10	What inference can you make from the advantages and disadvantages of computer accounting?	BTL 4	Analyze
11	(i)How would you explain the importance of prepackaged Accounting Software? (6 marks)	BTL 1	Remember
	(ii) What are the general problems faced in computerized accounting system? (7 marks)		
12	Explain the various Packaged Accounting Software.	BTL 2	Understand
13	(i)Analyze the role of computers in accounting. (5 marks)	BTL 4	Analyze
	(ii)What inference can you make from the introduction of computers in accounting? (8 marks)		
14	(i)What is accounting software? (3 marks)	BTL 1	Remember
	(ii)List the usage of accounting software. (10 marks)		

Q.No	Unit - V - Part - C – Questions
1	Give an example of Pre-packaged Accounting Software with relevant details.
2	How will you design a coding system? What are the factors to be considered for coding? Illustrate with an example.
3	Justify the statement "An ERP is an integrated software package that manages the business process across the entire enterprise".
4	What is customized accounting software? Explain its applicability in .

www.FirstRanker.com