

# FIRST SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2012

## Paper 1.6—ACCOUNTING FOR MANAGERS

(2009 Admissions)

Time : Three Hours

Maximum :60 Marks

### Part A

*Answer the following.*

*Each question carries 2 marks.*

1. What do you understand by convention of conservatism ?  
What is Debt-equity ratio ?  
What is accounting for price level changes ?
4. List the significance of cash flow analysis.
5. What are subsidiary books ?

(5 × 2 = 10 marks)

### Part B

*Answer any four of the following.*

*Each question carries 4 marks.*

6. Give a brief account of institutions that influence Indian GAAP.
7. What are the limitations of funds flow analysis ?
8. Journalise the following transactions :—
  - (i) Paid rent of building Rs. 12,000, half of which is used by the proprietor for residential use.
  - (ii) Paid for insurance of the above building in advance Rs. 1,000.
  - (iii) Paid life insurance premium Rs. 2,000.
  - (iv) Paid income tax Rs. 3,000.
9. Calculate average payment period from the following information :

	Rs.
Total purchases	... 5,81,000
Cash purchases	... 30,000
Purchase returns	... 51,000
Creditors at the end	... 1,05,000
Bills payable at the end	... 60,000
Reserve for discount on creditors	... 10,000

Turn over

10. Calculate funds from operations from the information given below as on 31st March, 2004 :

- (i) Net profit for the year ended 31-3-2004 Rs. 6,50,000
- (ii) Gain on sale of buildings Rs. 35,000.
- (iii) Goodwill written off during the year was 10% of Rs. 1,80,000.
- (iv) Old machinery worth Rs. 8,000 has been sold for Rs. 6,500 during the year.
- (v) Rs. 1,25,000 have been transferred to Reserve Fund.
- (vi) Depreciation has been provided during the year on machinery and furniture at 20% whose total is Rs. 6,50,000.

11. 'X' Company has a net profit of Rs. 6,00,000, Rs. 8,50,000 and Rs. 12,80,000 in 2004, 2005 and 2006 respectively. Using 2004 as the base year, compute trend percentage for 'X' Company's net profit.

(4 × 4 = 16 marks)

### Part C

Answer any **three** of the following.  
Each question carries 7 marks.

12. What do you mean by Human Resource Accounting? Give an account of recent trends in HRA in India.
13. What are accounting standards? Examine the role and functions of Accounting Standards Board in India.
14. From the following details, prepare a statement of proprietary funds with as many as possible :  
 Stock turnover — 6      Capital Turnover — 2  
 Fixed Assets Turnover — 4      Gross and Profit ratio — 20%  
 Debtors Turnover — 73 days      Gross profit was — 60,000  
 Reserves and surplus — 20,000      Closing stock was — 5,000 in excess of opening stock.
15. From the following Balance Sheets of Anand Limited, prepare a funds flow statement.

	Rs.	Rs.		Rs.	Rs.
Share capital	3,60,000	4,00,000	Fixed Assets	3,72,000	3,80,000
General reserve	1,10,000	60,000	Investments	1,00,000	50,000
Profit and Loss Account	20,450	33,450	Stock	55,600	90,500
Sundry creditors	1,33,650	1,95,350	Debtors	1,18,300	1,67,800
Proposed Dividend	28,800	15,000	Bank Balance	49,300	47,500
Provision for tax	50,000	32,000	Preliminary Expenses	7200	—
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	7,02,900	7,35,800		7,02,900	7,35,800
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Additional information :

- (a) Provision for tax made during the year Rs. 32,000
- (b) During the year machinery costing Rs. 9,000 (accumulated depreciation Rs. 8,000) was sold for Rs. 3,000.
- (c) For the current year, interim dividend of Rs. 10,000 was paid