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Question Paper Code: CMBB02



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

MBA I Semester End Examinations (Regular) - December, 2018

Regulation: IARE-R18

ACCOUNTING FOR MANAGEMENT

Time: 3 Hours

(MBA)

Max Marks: 70

Answer ONE Question from each Unit

All Questions Carry Equal Marks

All parts of the question must be answered in one place only

UNIT – I

1. (a) Discuss briefly the basic concepts and conventions of accounting. [7M]
- (b) What do you mean by double entry system? What are its merits? Discuss [7M]
2. (a) Enumerate the money measurement concept dual aspect concept and cost concept in detail.[7M]
- (b) Describe the manners in which management satisfies the various needs of appropriate management accounting functions and scopes. [7M]

UNIT – II

3. (a) What is Cash Book? Elaborate the features and various kinds of cash books. [7M]
 - (b) State the accounts involved in the following transaction and which account is to be debited and which account is credited. [7M]
- April 2016
1. Karthik commences business with Rs. 1,00,000.
 5. Purchase furniture for Rs. 5,000.
 7. Sold goods for cash Rs. 5,000.
 9. Sold goods to Raj for Rs. 20,000.
 10. Paid salaries Rs. 10,000.
 12. Purchased goods from Ram for cash Rs. 9,000.
 14. Commission received Rs.800.
 16. Paid outstanding expenses Rs.900.

4. (a) On January 1st, 2009 an asset was purchased for Rs.50,000/-. What would be its book value after three years if it was depreciated by straight line and written down value methods at the rate of 10% p. a.? [7M]
- (b) From the following trial balance of Evergreen and Company, prepare trading and Profit and Loss account and Balance sheet. [7M]
- Trial Balance as on 31st December 2005.

Table 1

Particulars	Debit [Rs.]	Credit[Rs.]
Cash in hand	2,400	
Purchase	2,40,000	
Stock on 1st January 2005	70,000	
Debtor	1,00,000	
Plant and Machinery	1,20,000	
Furniture	30,000	
Bills Receivable	40,000	
Rent and Rates	20,000	
Wages	32,000	
Salaries	37,600	
Capital		2,00,000
Bills payable		44,000
Creditors		48,000
Sales		4,00,000
Total	6,92,000	6,92,000

Additional Information:

- (i) Closing inventory as on 31st December 2005 Rs.50,000
- (ii) Outstanding wages R.5,000
- (iii) Depreciation on Plant and Machinery at 10 percent and furniture at 5 percent.

UNIT – III

5. (a) What is Equity Share? Explain its merits and demerits. [7M]
(b) The following purchases and issue were made in a company: [7M]

Table 2

Date	Particulars	Units and Rate
1-8-2002	Purchases	300 unit at Rs.15
6-8-2002	Issues	200
10-8-2002	Purchases	400 unit at Rs.20
15-8-2002	Issues	450 units
22-8-2002	Purchases	400 units at Rs.25

What will be the value of stock on 22-8-2002 as per FIFO method?

6. (a) Rohan Ltd. Registered with an authorised capital of Rs.10, 00,000/- divided into shares Rs.20/- each. It issued 40,000 shares on to public per subscription payable as Rs.4/- on application, Rs.4/- on allotment, Rs.6/- on first call, Rs. 3/- on second call, Rs. 3/- final call. All the shares were subscribed and the money due were received with the exception of second and final call on 300 shares. Journalise. [7M]
(b) The directors of 'Z' Co Ltd., forfeit 10 shares of Rs. 50 each belonging to 'Karthik' who had paid Rs. 5 per share on application, Rs.10 on allotment and Rs.5 on first call but failed to pay the final call of Rs.30. The same shares are then reissued to 'Raj' as fully paid on receipt of Rs.40. Pass journal entries with narration to record the forfeiture and the reissue of shares. [7M]

UNIT – IV

7. (a) Draft specimen of cash flow statement or Schedule of change in working capital. [7M]
[7M]
(b) From the following particulars prepare a Funds Flow Statement for the year ended 31st December 2001. [7M]
Net profit before writing off goodwill 21,500
Depreciation written off on fixed assets 3,500
Goodwill written off from profit 5,000
Dividend paid 7,000
Shares issued for cash 10,000
Purchase of machinery 20,000
Increase in working capital 8,000
8. (a) Give a proforma of Fund Flow Statement in detail. [7M]
(b) From the following profit and loss account, compute the Cash from Operations: Profit and Loss Account for the year ended 30th June 1998. [7M]

Table 3

Particulars	Rs.	Particulars	Rs.
To Salaries	10,000	By Gross profit	50,000
To Rent	3,000	By Profit on sale of land	9,000
To Depreciation	5,000	By income tax refund	7,000
To Discount	1,000		
To Loss on sale of plant	2,000		
To Goodwill written off	8,000		
To proposed dividends	10,000		
To provision for tax	10,000		
To Net profit	17,000		
	66,000		66,000

UNIT – V

9. (a) Explain the advantages and limitation of Ratio analysis [7M]
 (b) Calculate: (a) Current assets, (b) Current liability, (c) Stock turnover ratio from the following information: [7M]

Current ratio : 2.5
 Working capital : Rs. 60,000
 Opening stock : Rs. 29,000
 Closing stock : Rs. 31,000
 Sales : Rs. 3,20,000
 Gross profit ratio : 25% on sales.

10. (a) Explain the various methods of classification of ratios. [7M]
 (b) From the following information, interpret the result of operation of a manufacturing concern using trend ratio.

Income statement for the year ended 1999 to 2002: Amount [Rupees in Lakh] [7M]

Table 4

Particulars	1999	2000	2001	2002
Net sales	100.00	95.00	120.00	130.00
Less: Cost of goods sold	60.00	58.90	69.60	72.80
Gross profit	40.00	36.10	50.40	57.20
Less operating expenses	10.00	9.70	11.00	12.00
Net operating profit	30.00	26.40	39.40	45.20