

**M.B.A. DEGREE EXAMINATION –  
JANUARY, 2015.**

First Year

**FINANCIAL AND MANAGEMENT ACCOUNTING**

Time : 3 hours

Maximum marks : 75

**PART A — ( $3 \times 5 = 15$  marks)**

Answer any **THREE** questions.

All questions carry equal marks.

1. What are accounting concepts and convention?  
How are they evolved?
2. Explain the objectives of Analysis and Interpretation of financial statement.
3. From the following particulars calculate the stock turnover ratio:
  - (a) Opening stock                      Rs. 40,000
  - (b) Closing stock                        Rs. 44,000
  - (c) Sales                                    Rs. 4,15,000
  - (d) Gross profit ratio                    20%
4. What is budget? Explain the different steps in installing a sound budgetary control system.

5. Calculate funds from operations from the following

| Profit & loss a/c              |                 |                        |                 |
|--------------------------------|-----------------|------------------------|-----------------|
| Particulars                    | Rs.             | Particulars            | Rs.             |
| To Rent                        | 10,000          | By Gross profit        | 9,86,000        |
| To Salary                      | 25,000          | By Commission received | 5,000           |
| To Depreciation                | 3,000           |                        |                 |
| To Discount on issue of shares | 10,000          |                        |                 |
| To Good will written off       | 5,000           |                        |                 |
| To Preliminary expenses        | 6,000           |                        |                 |
| To Net profit                  | 9,32,000        |                        |                 |
|                                | <u>9,91,000</u> |                        | <u>9,91,000</u> |

PART B — (4 × 15 = 60 marks)

Answer any FOUR questions.

All questions carry equal marks.

6. What are Profitability Ratios? Briefly explain each profitability ratio and its significance.
7. Following are the ledger balances of Mr. Ram. You are required to prepare Trail Balance as on 31/12/2000.

|               |        |                   |        |
|---------------|--------|-------------------|--------|
| Opening stock | 10,000 | Capital           | 60,000 |
| Salaries      | 5,000  | Creditors         | 10,000 |
| Bills payable | 5,000  | Loan from Krishna | 25,000 |

|                  |        |                          |        |
|------------------|--------|--------------------------|--------|
| Cash in hand     | 12,000 | Discount allowed         | 700    |
| Bank O/D         | 4,000  | Accrued interest payable | 5,000  |
| Debtors          | 15,000 | purchase                 | 30,000 |
| Cash at bank     | 18,000 | Reserve for bad Debts    | 1,200  |
| Sales            | 80,000 | Trade expenses           | 500    |
| Wages            | 1,000  | Outstanding salaries     | 2,000  |
| Prepaid expenses | 2,500  | Plant & Machinery        | 90,000 |
| Depreciation     | 8,000  | Outstanding interest     | 500    |

8. Mr. Raj a sole trader provides the following Balance sheet and additional information to you with the request to prepare his Funds Flow Statement for the year ending 31/12/1995.

| Liabilities        | 1994            | 1995            | Assets       | 1994            | 1995            |
|--------------------|-----------------|-----------------|--------------|-----------------|-----------------|
| Capital            | 80,000          | 1,20,000        | Cash         | 20,000          | 26,000          |
| Creditors          | 30,000          | 40,000          | Cash at Bank | 30,000          | 44,000          |
| Loan from Mrs. Raj | 60,000          | 68,000          | Stock        | 40,000          | 30,000          |
| Loan from Bank     | –               | 50,000          | Furniture    | 40,000          | 36,000          |
|                    |                 |                 | Machinery    | 40,000          | 1,42,000        |
|                    | <u>1,70,000</u> | <u>2,78,000</u> |              | <u>1,70,000</u> | <u>2,78,000</u> |

During the 1995, Depreciation charged on Furniture and Machinery was at 10% on the opening balance. Mr. Raj withdrew Rs. 25,000 during the year for his personal expenses.

9. “Responsibility accounting is an overall control techniques which cannot be implemented half-hearted” explain.

10. For two periods Sales and Profits were as under

| Particulars  | Period – I | Period – II |
|--------------|------------|-------------|
| Sales (Rs.)  | 4,00,000   | 5,00,000    |
| Profit (Rs.) | 1,00,000   | 1,40,000    |

Find out the following.

- BEP
  - Sales for a profit of Rs. 2,00,000
  - Profit when sales are Rs. 6,00,000
  - Margin of safety when profit is Rs. 50,000.
11. From the following information calculate
- Material Mix Variance
  - Material price Variance
  - Material usage variance

|          |     | Standard |       |           |     |       | Actual |  |  |
|----------|-----|----------|-------|-----------|-----|-------|--------|--|--|
| Material | Qty | Price    | Total | /Material | Qty | Price | Total  |  |  |
| A        | 4   | 1        | 4     | A         | 2   | 3.50  | 7      |  |  |
| B        | 2   | 2        | 4     | B         | 1   | 2.00  | 2      |  |  |
| C        | 2   | 4        | 8     | C         | 3   | 3.00  | 9      |  |  |

12. Define budget. Explain the types of budget used in organization.