D.K.M COLLEGE FOR WOMEN (AUTONOMOUS),VELLORE-1.

PG & RESEARCH DEPARTMENT OF COMMERCE

ACCOUNTING AND BUSINESS FOR MANAGERS

BSC - ISM

UNIT –I SECTION – A 2 MARKS

1. Define Accounting.
2. What is Journal?
3. Write down proforma of a ledger.
4. What is financial accounting?
5. Define management accounting?
6. Mention any two limitations of financial accounting?
7. What are “Financial statements”?
8. What is ratio analysis?
9. What is meant by gross profit?
10. What is meant by net profit?
11. What is meant by the term “Fund”?
12. What is meant by the term “Flow”?
13. What is a funds flow statement?
14. What is meant by cash flow statement?
15. Define the term “Cash Flow”.
16. Enumerate the “Sources of cash”.
17. What is meant by marginal costing?
18. Define marginal cost.
19. Distinguish between fixed costs and variables costs.
20. What is meant by contribution?
21. Define Break. Even point.
22. Define the term “Margin of safety”?
23. Define the term budget: -
24. Define budgetary control.
25. What do you understand by budgeting

SECTION -B

1. What is accounting? What are its objectives?
2. Write short notes on:
   (i) Accounting period concept (ii) what are its objectives?
3. What do you understand by going concern concept?
4. Prepare accounting equation based on the following:
   (i) Rama started business with Rs.1,00,000
   (ii) He purchased furniture for cash R s. 40,000
   (iii) He paid rent Rs. 500
   (iv) He purchased goods on credit Rs. 10,000
   (v) He sold goods (cost price Rs. 4,000) Rs. 7,000 for cash
   (vi) Mention any four sources of short-term finance.
   (vii) Mention any four sources of long-term finance.
   (viii) Compute the debtor's turnover ratio from the following: -

	Year -1 Rs.	Year -II Rs.
Gross sales	9,00,000	7,50,000
Debtors in the beginning of year	83,000	1,17,000
Debtors at the end of year	1,17,000	83,000
Sales Return	1,00,000	50,000

   (ix) What do you mean by "Accounting Ratios? How are they useful?
   (x) Illustration: -
   From the following details, find out the funds from operation: -

Profit and Loss A/c for the year ended.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Salaries		1,20,000	By gross profit		3,00,000
To Rent		45,000	By profit on sale of Buildings		
To provision for bad debts		15,000	Sold for	30,000	
To preliminary expenses written off		30,000	Book value	15,000	15,000
To good will written off		15,000			
To					

Depreciation on machinery		15,000			
To loss on sale of plants					
Book Value Rs.	30,000				
Sold for Rs.	24,000	6,000			
To provision for tax		15,000			
To Net profit		54,000			
		3,15,000			3,15,000

5. What are the uses of Break- even analysis?
6. From the following. particulars, find out the selling price per unit if B.C.P is to be brought down to 4,000 units.

	Rs.
Variable cost per unit	60
Fixed expenses	2,00,000
Selling price per unit	100

7. From the following data calculate Break-even point expressed in terms of units and new B.E.P if selling price is reduced by 10%

Fixed expenses	Rs.
Depreciation	1,00,000
Salaries	1,00,000
Variable expenses	Rs per unit
Materials	3
Labour	2
Selling price	12

8. Write short notes on
   (a) Debentures
   (b) Bank Loan
9. Briefly explain the concepts of accounting.

SECTION -C

1. What do you understand by accounting concepts and conventions?
2. Briefly explain the basic accounting concepts and conventions.
3. Illustration -1

   Journalise the following transactions: -

   a. Purchased goods for cash Rs. 10,000
   b. Purchased stationery for cash Rs.500

c. Purchased furniture for cash Rs. 3,000
d. Sold goods for cash Rs. 8,000
e. Sold goods to James for cash Rs. 3,000
f. Sold goods to James for cash Rs. 2,000
g. Paid Rent to Krishnan, the land lord Rs.800
h. Paid salary of Rs. 8,000
i. Paid Lokesh. The manager his salary of Rs. 3,000
j. Paid Freight on goods purchased Rs.300
k. Paid Freight on machine purchased Rs.400
l. Paid wages Rs.500
m. Paid wages to erect a machine Rs. 1,000
n. Received Rs.800 from Kamal.
o. Received Rs.600 from Kamal as interest.
p. Received Rs. 7,000 from Kamal as loan at 5% interest.

4. Illustration:1

Messrs.Rajkumar & Bros. started their business 1st April 1995 with Rs. 50,000 as their capital.Following were the transactions for one month: - Rs.

April	1	Paid into bank	20,000
; ;	2	Purchased furniture from modern furniture Ltd, on credit.	3,000
;; ;;	6	Sold goods on credit to Sivakumar	3,500
;; ;;	8	Paid to modern furniture Ltd, cash	2,000
;;	11	Purchased goods from Mohan	8,800
;;	15	Paid wages in cash	200
;	16	Issued cheque to Mohan	7,000
;	20	Received from Sivakumar	1,500
;	21	Paid into bank	1,500
;	23	Cash sales	3,500
;	25	Cash purchases	1,800
	27	Goods withdrawn for personal use	500
	28	Cash withdrawn for personal use	750
	29	Paid salaries by cheque	1,000

5. From the following. Prepare a statement showing change in working capital during 1985.

Balance Sheets of pioneer Ltd. as on 31 st December

Liabilities	1984 Rs.	1985 Rs.	Assets	1984 Rs.	1985 Rs.
Share capital	5,00,000	6,00,000	Fixed assets	10,00,000	11,20,000
Reserves	1,50,000	1,80,000	Less: Depreciation	3,70,000	4,60,000
Profit Loss A/c	40,000	65,000		6,30,000	6,60,000
Debentures	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for	1,70,000	1,60,000	Book debits	2,50,000	2,30,000

goods					
Provision for income tax	60,000	80,000	Cash in hand and at bank	80,000	60,000
			Preliminary expenses	20,000	15,000
	12,20,000	13,35,000		12,20,000	13,35,000

6. From the following, calculate the Debt -equity ratio: -

		Rs.
80,000 Equity shares of Rs 10 cash	---	5,00,000
General reserve	---	30,000
Accumulated profits	---	40,000
Debentures	----	1,00,000
Sundry creditors	__	50,000
Outstanding expenses	-----	20,000
Loan from world Bank	-----	90,000

7. From the following balance sheets of Mr. William. Prepare a cash flow statements.

Liabilities	2002	2003	Assets	2002	2003
Capital	5,00,000	6,12,000	Land & Buildings	3,00,000	4,40,000
Sundry creditors	1,60,000	1,76,000	Plant& Machinery	3,20,000	2,20,000
Mrs. Williams Loan	1,00,000	-	Stock	1,40,000	1,00,000
Loan from bank	1,60,000	2,00,000	Sundry debtors	1,20,000	2,00,000
			Cash	9,20,000	9,88,000

Additional information: -

A machine costing Rs. 40,000 (accumulated depreciation Rs. 12,000) was sold for Rs. 20,000. The provision for depreciation on 31.12.02 was Rs.1,00,000 and on 31.12.03 Rs.1,60,000. The net. Profit for the year 2003 was Rs. 1,80,000.

10. From the following data, calculate the Break- even point

	Rs.
Selling price per unit	25
Direct material cost per unit	8
Direct labour cost per unit	5
Fixed over heads	24,000

Variable overhead at 60%
on direct labour

Trade discount 4% If sales are 20% above the Break -even volume, determine the net profit.The trading results of a company for two periods are us under,

Period	Sales	Profit
I	Rs. 1,30,000	Rs. 6,000
II	1,50,000	10,000

Calculate: -

(i) p/v ratio (ii) sales required to earn a profit of Rs. 15,000 and (iii) Profit when sales is Rs.1,10,000.

11. Define budgetary control and state it's objectives.
12. Explain briefly the various types of functional budgets.
13. The Bright star company has budgeted sales for 1,00,000 units of its products for 1988. Expected unit costs based on past experience should be

Direct materials	: RS.6
Direct labour	: Rs.4
Manu factoring overhead	: Rs.3

Assume no beginning or ending inventory in process. Company begins the year with 40,000 finished units in hand. But budgets the ending inventory at only 10,000 units. Compute the budgeted cost of production for 1988.

14. M/s Ganapathy & sons make their products by using single raw materials. Each unit of product consumed 2kg of raw material. The following additional information is also given: -

Production schedule: April 1989: 20,000 units
May 1989: 20,500 units
June 1989: 22,000 units

Closing inventory of raw materials required
On March 31, 1989: 5,000Kgs

On April 30, 1989: 6,000 Kgs
On May 31, 1989: 7,000 Kgs
On June 30, 1989: 8,000 Kgs.

Prepare materials purchase budget for the quarter ended June 30, 1989.

15. A Firm expects to have Rs. 30,000 on 1st May 1989 and requires you to prepare an estimate of the cash position during the 3 months May to July 1989. The following information is supplied to you: -

Month	Sales Rs	Purchases Rs	Wages Rs	Factory Expenses Rs.	Office Expenses Rs.	Selling Expenses Rs.
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information:

(i) 215% of the sales is for cash, remaining amount is collected in the month following that sale: (ii) Suppliers supply goods at two months credit: (iii) Delay in payment of wages and all expenses : one month (iv) Income tax of Rs10,000 is due to be paid in July (V) preference share dividend of 10% Rs1,00,000 is to be paid in May draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70% 80% and 90% plant capacity:

	Capacity levels		
Variable over heads:	70%	80%	90%
Indirect labour	-	12,000	-
Indirect materials	-	4,000	-
Semi – Variable overheads:	-		
Power (30% fixed)	-		
Repairs and maintenance	-	20,000	-
(60% fixed Over heads:	-	2,000	_
Depreciation	-		
Insurance	-		
Salaries	-	11,000	-
Total overheads	-	3,000	-
Estimated direct labour	-	10,000	-
hours	-	62,000	-
	-		
	-	1,24,000hrs	-

11. What are the objectives of Financial Management?
12. Elaborately explain the long-term sources of Finance.
13. Elaborately explain the short -term sources of finance.