

# **SRM VALLIAMMAI ENGINEERING COLLEGE**

**(An Autonomous Institution)**

SRM Nagar, Kattankulathur – 603 203

## **DEPARTMENT OF MANAGEMENT STUDIES**

### **QUESTION BANK**

#### **I SEMESTER**

#### **BA3163 – ACCOUNTING FOR MANAGEMENT**

**Regulation – 2023**

**Academic Year 2025 - 2026**



*Prepared by*

**Dr. L. Sujatha – Associate Professor**

**Course Coordinator: Dr. L. Sujatha**

<b>UNIT – I – FINANCIAL ACCOUNTING</b>				
<b>SYLLABUS:</b> 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 – Reading the financial statements.				
<b>PART- A</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO LEVEL</b>
1.	Define Accounting.	Remembering	Level 1	CO1
2.	Compare Financial Accounting and Management Accounting.	Understanding	Level 2	CO1
3.	What do you mean by cost concept?	Remembering	Level 1	CO1
4.	List the various forms of assets and liabilities.	Understanding	Level 2	CO1
5.	List the uses of Financial Accounting.	Understanding	Level 2	CO1
6.	What are the golden Rules of Accounting?	Remembering	Level 1	CO1
7.	Compare Book-keeping and Accounting.	Understanding	Level 2	CO1
8.	What is meant by Journal?	Remembering	Level 1	CO1
9.	Infer – Debtor and Creditor.	Understanding	Level 2	CO1
10.	What do you think about GAAP?	Remembering	Level 1	CO1
11.	Mention any two objectives of preparing a Profit and Loss Account.	Remembering	Level 1	CO1
12.	List the various users of Accounting information.	Understanding	Level 2	CO1
13.	Define Accounting cycle.	Remembering	Level 1	CO1
14.	Distinguish between double entry and single entry systems.	Understanding	Level 2	CO1
15.	State the need for financial accounting.	Remembering	Level 1	CO1
16.	Infer the term Balance Sheet.	Understanding	Level 2	CO1
17.	What is Revenue Realization Concept?	Remembering	Level 1	CO1
18.	List any four concepts of Accounting.	Understanding	Level 2	CO1
19.	Define Trial Balance.	Remembering	Level 1	CO1
20.	Differentiate transaction from event.	Understanding	Level 2	CO1
21.	What is meant by Ledger?	Remembering	Level 1	CO1
22.	Differentiate Trade discount from Cash discount.	Understanding	Level 2	CO1

23.	What is Accounting Equation?	Remembering	Level 1	CO1
24.	Interpret the term Loose leaf ledger,	Understanding	Level 2	CO1

PART- B																																																																
S.NO	QUESTIONS	COMPETEN CE	BTLEV EL	CO LEVEL																																																												
1.	<p>Examine the Trial Balance of Mr. Rahul and Prepare final accounts for the year ended 31st March 2024.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Dr. (₹)</th> <th>Cr. (₹)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td></td> <td>1,00,000</td> </tr> <tr> <td>Drawings</td> <td>10,000</td> <td></td> </tr> <tr> <td>Plant and Machinery</td> <td>50,000</td> <td></td> </tr> <tr> <td>Purchases</td> <td>80,000</td> <td></td> </tr> <tr> <td>Sales</td> <td></td> <td>1,50,000</td> </tr> <tr> <td>Returns Inward</td> <td>2,000</td> <td></td> </tr> <tr> <td>Returns Outward</td> <td></td> <td>1,000</td> </tr> <tr> <td>Wages</td> <td>8,000</td> <td></td> </tr> <tr> <td>Salaries</td> <td>12,000</td> <td></td> </tr> <tr> <td>Rent</td> <td>6,000</td> <td></td> </tr> <tr> <td>Stock (Opening)</td> <td>20,000</td> <td></td> </tr> <tr> <td>Debtors</td> <td>25,000</td> <td></td> </tr> <tr> <td>Creditors</td> <td></td> <td>15,000</td> </tr> <tr> <td>Cash in Hand</td> <td>3,000</td> <td></td> </tr> <tr> <td>Bills Receivable</td> <td>6,000</td> <td></td> </tr> <tr> <td>Bills Payable</td> <td></td> <td>6,000</td> </tr> <tr> <td>Carriage Inward</td> <td>3,000</td> <td></td> </tr> <tr> <td>Carriage Outward</td> <td>2,000</td> <td></td> </tr> <tr> <td>Total</td> <td>2,27,000</td> <td>2,27,000</td> </tr> </tbody> </table> <p>Adjustments:</p> <ol style="list-style-type: none"> <li>Closing stock on 31st March 2024 is ₹30,000.</li> <li>Depreciate Plant and Machinery @10%.</li> <li>Outstanding Rent ₹1,000.</li> <li>Prepaid Salaries ₹2,000.</li> </ol>	Particulars	Dr. (₹)	Cr. (₹)	Capital		1,00,000	Drawings	10,000		Plant and Machinery	50,000		Purchases	80,000		Sales		1,50,000	Returns Inward	2,000		Returns Outward		1,000	Wages	8,000		Salaries	12,000		Rent	6,000		Stock (Opening)	20,000		Debtors	25,000		Creditors		15,000	Cash in Hand	3,000		Bills Receivable	6,000		Bills Payable		6,000	Carriage Inward	3,000		Carriage Outward	2,000		Total	2,27,000	2,27,000	Applying	Level 3	CO1
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2.	Explain the various accounting concepts and conventions.	Analysing	Level 4	CO1																																																												
3.	Examine the objectives, functions and advantages and disadvantages of Financial Accounting in detail.	Applying	Level 3	CO1																																																												

4.	(i)	Examine the Accounting Cycle.	Analysing	Level 4	CO1		
	(ii)	Examine the following a) Tangible assets b) Intangible assets c) Fictitious assets.					
5.	The following balances are extracted from the books of Deepak as on 31 <sup>st</sup> December 2021. Examine Final accounts as on the date.		Applying	Level 3	CO1		
	<b>Details</b>	<b>Rs.</b>				<b>Details</b>	<b>Rs.</b>
	Capital	20,000				Drawings	,5,000
	Cash on hand	5,000				Cash at Bank	,8,000
	Buildings	20,000				Machinery	,6,000
	Stock on 1.1.2021	3,000				Sundry Debtors	,8,000
	Sundry Creditors	6,000				Repairs	400
	Commission Paid	700				Wages	1,700
	Rent and Rates	300				Insurance Premium	300
	Purchases	60,000				Sales	96,000
	Purchases Returns	750				Sales Returns	400
	Furniture and Fixtures	1,600				Carriage	200
	Loan to Ram	1,000				Telephone Charges	250
	Discount Allowed	50				Salaries	600
	Baddebts	350				Discount earned	100
6.	Categorize the objectives, tools and advantages and disadvantages of Financial Accounting in detail.		Analysing	Level 4	CO1		
7.	Analyse journals with the following Transactions:		Analysing	Level 4	CO1		
	<b>Date</b>	<b>Details</b>				<b>Rs.</b>	
	01.01.2019	Bought goods on credit from Raju				200	
	02.01.2019	Goods Returned by Murthy				25	
	03.01.2019	Paid Carriage				50	
	04.01.2019	Received cash from Govind				500	
	05.01.2019	Paid Insurance Charges				50	
	06.01.2019	Sale of type writer				250	
	07.01.2019	Sold goods to Hari				150	
08.01.2019	Commission received in cash	200					

8.	<p>Analyse from the following trail balance of Ravi, prepare trading, profit and loss account for the year ended Dec 31<sup>st</sup> 2020 and balance sheet as on that date:</p> <table border="1" data-bbox="213 248 874 1077"> <thead> <tr> <th>Particulars</th> <th>Debit (Rs.)</th> <th>Credit (Rs.)</th> </tr> </thead> <tbody> <tr><td>Capital</td><td></td><td>40,000</td></tr> <tr><td>Sales</td><td></td><td>25,000</td></tr> <tr><td>Purchases</td><td>15,000</td><td></td></tr> <tr><td>Salaries</td><td>2,000</td><td></td></tr> <tr><td>Rent</td><td>1,500</td><td></td></tr> <tr><td>Insurance</td><td>300</td><td></td></tr> <tr><td>Drawings</td><td>5,000</td><td></td></tr> <tr><td>Machinery</td><td>28,000</td><td></td></tr> <tr><td>Bank Balance</td><td>4,500</td><td></td></tr> <tr><td>Cash</td><td>2,000</td><td></td></tr> <tr><td>Stock 1-1-2020</td><td>5,200</td><td></td></tr> <tr><td>Debtors</td><td>2,500</td><td></td></tr> <tr><td>Creditors</td><td></td><td>1,000</td></tr> <tr><td>TOTAL</td><td>66,000</td><td>66,000</td></tr> </tbody> </table> <p><b>Adjustments Required:</b></p> <ul style="list-style-type: none"> <li>➤ Stock on 31-12-2020Rs. 4,900</li> <li>➤ Salaries Unpaid Rs.300</li> <li>➤ Rent paid in advance Rs.200</li> <li>➤ Insurance prepaid Rs.90.</li> </ul>	Particulars	Debit (Rs.)	Credit (Rs.)	Capital		40,000	Sales		25,000	Purchases	15,000		Salaries	2,000		Rent	1,500		Insurance	300		Drawings	5,000		Machinery	28,000		Bank Balance	4,500		Cash	2,000		Stock 1-1-2020	5,200		Debtors	2,500		Creditors		1,000	TOTAL	66,000	66,000	Analysing	Level 4	CO1
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9.	Examine Trading, Profit and Loss Account and Balance sheet? Discuss its importance and limitations, Draw specimen of balance sheet.	Applying	Level 3	CO1																																													
10.	<p>From the following particulars of Mrs. S Prepare a trading, profit and loss account and balance sheet for the year ending 31<sup>st</sup> March 2019.</p> <table border="1" data-bbox="213 1603 970 2112"> <thead> <tr> <th>Particulars</th> <th>Debit (Rs.)</th> <th>Credit (Rs.)</th> </tr> </thead> <tbody> <tr><td>Capital</td><td></td><td>7,50,000</td></tr> <tr><td>Cash</td><td>40,000</td><td></td></tr> <tr><td>Buildings</td><td>4,00,000</td><td></td></tr> <tr><td>Salary</td><td>1,10,000</td><td></td></tr> <tr><td>Rent &amp; Taxes</td><td>21,000</td><td></td></tr> <tr><td>Opening Stock</td><td>1,20,000</td><td></td></tr> <tr><td>Machinery</td><td>1,20,000</td><td></td></tr> <tr><td>Drawings</td><td>40,000</td><td></td></tr> <tr><td>Purchases</td><td>5,00,000</td><td></td></tr> <tr><td>Sales</td><td></td><td>7,50,000</td></tr> <tr><td>Carriage inwards</td><td>5,000</td><td></td></tr> <tr><td>Fuel, Gas</td><td>37,000</td><td></td></tr> <tr><td>Sundry Debtors</td><td>2,50,000</td><td></td></tr> </tbody> </table>	Particulars	Debit (Rs.)	Credit (Rs.)	Capital		7,50,000	Cash	40,000		Buildings	4,00,000		Salary	1,10,000		Rent & Taxes	21,000		Opening Stock	1,20,000		Machinery	1,20,000		Drawings	40,000		Purchases	5,00,000		Sales		7,50,000	Carriage inwards	5,000		Fuel, Gas	37,000		Sundry Debtors	2,50,000		Analysing	Level 4	CO1			
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11.	<p>Prepare Journal from the following transactions and post them into ledger.</p> <table border="1"> <thead> <tr> <th>Date (March 2019)</th> <th>Details</th> <th>RS.</th> </tr> </thead> <tbody> <tr><td>1</td><td>Ali commenced business with cash</td><td>10,000</td></tr> <tr><td>2</td><td>Paid into Bank</td><td>8,000</td></tr> <tr><td>3</td><td>Bought goods for cash</td><td>500</td></tr> <tr><td>4</td><td>Bought furniture for office</td><td>400</td></tr> <tr><td>5</td><td>Drew from bank cash for office use</td><td>1,000</td></tr> <tr><td>6</td><td>Goods sold to Khan</td><td>600</td></tr> <tr><td>7</td><td>Bought goods from Ali</td><td>400</td></tr> <tr><td>8</td><td>Paid trade expenses</td><td>100</td></tr> <tr><td>9</td><td>Paid to Ali on account</td><td>400</td></tr> <tr><td>10</td><td>Received cash from Khan</td><td>600</td></tr> <tr><td>11</td><td>Paid Rent</td><td>200</td></tr> <tr><td>12</td><td>Cash sales</td><td>12,000</td></tr> </tbody> </table>	Date (March 2019)	Details	RS.	1	Ali commenced business with cash	10,000	2	Paid into Bank	8,000	3	Bought goods for cash	500	4	Bought furniture for office	400	5	Drew from bank cash for office use	1,000	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	12,000	Applying	Level 3	CO1
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12.	<p>Analyze from the following trail balance, prepare trading, profit &amp; loss account for the year ended 31-12-2019 and a Balance sheet as on that date.</p> <table border="1"> <thead> <tr> <th>Debit</th> <th>Rs.</th> <th>Credit</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Purchases</td> <td>11,870</td> <td>Capital</td> <td>8,000</td> </tr> <tr> <td>Debtors</td> <td>7,580</td> <td>Bad debts recovered</td> <td>250</td> </tr> <tr> <td>Return inwards</td> <td>450</td> <td>Creditors</td> <td>1,250</td> </tr> <tr> <td>Bank deposit</td> <td>2,750</td> <td>Return outwards</td> <td>350</td> </tr> <tr> <td>Rent</td> <td>360</td> <td>Bank overdraft</td> <td>1,570</td> </tr> <tr> <td>Salaries</td> <td>850</td> <td>Sales</td> <td>14,690</td> </tr> </tbody> </table>	Debit	Rs.	Credit	Rs.	Purchases	11,870	Capital	8,000	Debtors	7,580	Bad debts recovered	250	Return inwards	450	Creditors	1,250	Bank deposit	2,750	Return outwards	350	Rent	360	Bank overdraft	1,570	Salaries	850	Sales	14,690	Analysing	Level 4	CO1											
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Travelling Expenses	300	Bills payable	1,350
Cash	210		
Stock	2,450		
Discount Allowed	40		
Drawings	600		
<b>TOTAL</b>	<b>27,460</b>	<b>TOTAL</b>	<b>27,460</b>

**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.

Estimate the final Accounts for the year ended on 31<sup>st</sup> March 2019? The following balances were extracted from the books of Prasad on 31<sup>st</sup> March 2019.

Details	Rs.	Details	Rs.
Capital	50,000	Creditors	5,000
Drawings	4,000	Bad debts	1,100
General Expenses	5,000	Loan	15,760
Buildings	22,000	Sales	1,30,720
Machinery	18,680	Purchases	94,000
Stock	32,400	Motor Car	4,000
Power	4,480	Reserve Fund (Cr.)	1,800
Taxes & Insurance	2,630	Commission (Cr.)	2,640
Wages	14,400	Car Expenses	3,600
Debtors	12,560	Bills Payable	6,700
Bank Overdraft	6,600	Cash	160
Charity	210		

Stock on 31<sup>st</sup> March 2019 was valued at Rs.47,000.

13.

Applying

Level 3

CO1

14.

- (i) Analyze the users of Accounting Information.
- (ii) Analyze the various types of accounts and also state the rules of double entry.

Analysing

Level 4

CO1

15.

Examine and journalize the following transactions:

DATE MAY 2021	PARTICULARS	RS.
1	Purchased goods for cash	10,000
2	Purchased stationery for cash	500
3	Purchased furniture for cash	3,000
4	Sold goods for cash	8,000
5	Sold goods to Jane for cash	3,000
6	Sold goods to James	2,000

Applying

Level 3

CO1

7	Paid rent to Krishnan, the landlord	800
8	Paid salary	8,000
9	Paid lokesh, the manager his salary	3,000
10	Paid freight on goods purchased	300
11	Paid freight on machine purchased	400
12	Paid wages	500
13	Paid wages to erect a machine	100
14	Received Rs.800 from kamal	
15	Received Rs.600 from kamal as interest	
16	Received Rs.7000 from kamal as loan at 5% interest.	

16. Analyse the following Trial Balance of Mr. Arjun as on 31st March 2024, prepare:

- Trading and Profit & Loss Account for the year ended 31st March 2024
- Balance Sheet as on that date.

Particulars	Dr. (₹)	Cr. (₹)
Capital		1,50,000
Drawings	15,000	
Plant and Machinery	80,000	
Furniture	30,000	
Purchases	1,20,000	
Sales		2,00,000
Returns Inward	2,000	
Returns Outward		3,000
Salaries	24,000	
Rent	10,000	
Commission Received		6,000
Insurance	6,000	
Debtors	40,000	
Creditors		25,000
Bills Receivable	10,000	
Bills Payable		9,000
Bad Debts	1,000	
Cash in Hand	4,000	
Bank Balance	18,000	
Opening Stock	25,000	
Interest on Investments		2,000
Investments	20,000	
<b>Total</b>	<b>4,05,000</b>	<b>4,05,000</b>

Analysing

Level 4

CO1

**Adjustments:**

1. Closing stock is valued at ₹35,000.
2. Depreciate Plant & Machinery at 10% and Furniture at 5%.
3. Create a provision for doubtful debts at 5% on Debtors.
4. Further bad debts of ₹2,000 to be written off.
5. Insurance includes ₹1,000 paid in advance.
6. Salaries outstanding ₹2,000.
7. Rent includes ₹2,000 paid for the next year.
8. Accrued interest on investments ₹1,000.
9. Provide interest on capital at 5% p.a.
10. Charge interest on drawings ₹750.

Evaluate the following and prepare Trading a/c, P&L a/c and Balance Sheet as on 31st December 2020.

Particulars	Debit Balances (Rs.)	Credit Balances (Rs.)
Opening stock	10,000	
Cash and Bank	4,000	25,000
Purchases and Sales	70,000	90,000
Returns	3,000	4,000
Debtors and Creditors	30,000	21,000
Buildings	30,000	
Capital		30,000
Furniture and Fittings	7,000	
Bad debts reserve		2,000
Petty cash	200	
Carriage inwards	800	
Salaries	11,000	
Interest charged by Bank	500	
Sundry Trade expenses	6,000	
Insurance premium paid for the year upto 30.06.2021	1,000	
Telephone charges	500	
Commission		2,000

**Additional Information**

- (a) Closing stock Rs. 15,000
- (b) Buildings and Furniture and Fittings are to be depreciated by 10% and 20% respectively.
- (c) Bad debts Rs. 1,000 are to be written off and a reserve of 5% is to be kept on remaining debtors.
- (d) Commission received in advance Rs. 1,000.

Applying

Level 3

CO1

17.

**UNIT – II – COMPANY ACCOUNTS****SYLLABUS:**

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

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO LEVEL</b>
1.	Define Company.	Remembering	Level 1	CO2
2.	Interpret - alteration of share capital.	Understanding	Level 2	CO2
3.	List any two methods of alteration of share capital.	Remembering	Level 1	CO2
4.	Outline the term Buy back of shares.	Understanding	Level 2	CO2
5.	Relate the need for capital reduction	Understanding	Level 2	CO2
6.	What do you mean by Calls in arrears?	Remembering	Level 1	CO2
7.	Interpret the term forfeiture of shares.	Understanding	Level 2	CO2
8.	List the types of debenture issue.	Remembering	Level 1	CO2
9.	Infer - post incorporation profit.	Understanding	Level 2	CO2
10.	What is the purpose of preferential allotment of shares?	Remembering	Level 1	CO2
11.	What is Capital reduction account?	Remembering	Level 1	CO2
12.	Interpret the term Employee stock option Scheme.	Understanding	Level 2	CO2
13.	List any two conditions for the buyback of shares.	Remembering	Level 1	CO2
14.	Infer the term - Share.	Understanding	Level 2	CO2
15.	List the types of debentures issued.	Remembering	Level 1	CO2
16.	Outline any two preconditions for preferential allotment.	Understanding	Level 2	CO2
17.	What are Statutory Books?	Remembering	Level 1	CO2
18.	Differentiate between a public company and a private company.	Understanding	Level 2	CO2
19.	What is issue of shares at premium?	Remembering	Level 1	CO2
20.	Classify the kinds of Companies.	Understanding	Level 2	CO2
21.	List the types of shares.	Remembering	Level 1	CO2
22.	Infer the term Dividend.	Understanding	Level 2	CO2

23.	What is Interim Dividend?	Remembering	Level 1	CO2
24.	Interpret - Goodwill.	Understanding	Level 2	CO2

PART- B					
S.N O	QUESTIONS		COMPETENCE	BT LEVEL	CO LEVEL
1.	(i)	Identify the features of a company. (8)	Applying	Level 3	CO2
	(ii)	Identify the kinds of companies in detail. (8)			
2.	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 analyse entries in the books of the company?		Analysing	Level 4	CO2
3.	<p>Sony Ltd. issued 50,000 equity shares of Rs.100 each. The amount was payable as follows;</p> <p>On application Rs.30</p> <p>On Allotment Rs.50</p> <p>On First Call Rs.10</p> <p>On Final Call Rs.10</p> <p>The public applied for all the shares which were allotted. All moneys were received. Develop the necessary journal entries and prepare balance sheet.</p>		Applying	Level 3	CO2
4.	<p>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.</p> <p>Analyze the transactions in the books of Mona earth mover ltd.</p>		Analysing	Level 4	CO2
5.	<p>Explain Employee Stock Option Plans (ESOPs). What are their objectives, accounting treatment, and benefits to a company?</p>		Applying	Level 3	CO2
6.	<p>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. Analyse the journal entries in the books of the company.</p>		Analysing	Level 4	CO2

7.	Compile the objectives, benefits and drawbacks of buyback of securities.	Applying	Level 3	CO2																																																			
8.	Examine the guidelines for preferential allotment.	Analysing	Level 4	CO2																																																			
9.	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 public 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. Examine the Journal Entries in the books of the company.	Applying	Level 3	CO2																																																			
10.	<p>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 business on 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. 17,500 and the balance by cheque. To company's trail balance as on December 31, 2008 was given below:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Cash and Bank balances (Cash Rs. 180)</td> <td>4,860</td> <td></td> </tr> <tr> <td>Share capital</td> <td></td> <td>22,500</td> </tr> <tr> <td>Land and Buildings</td> <td>8,000</td> <td></td> </tr> <tr> <td>Fixtures</td> <td>750</td> <td></td> </tr> <tr> <td>Cycles</td> <td>1,000</td> <td></td> </tr> <tr> <td>Salaries</td> <td>1,200</td> <td></td> </tr> <tr> <td>Purchases</td> <td>48,500</td> <td></td> </tr> <tr> <td>Sales</td> <td></td> <td>45,000</td> </tr> <tr> <td>Debtors and Creditors</td> <td>4,500</td> <td>3,000</td> </tr> <tr> <td>Rent from tenants</td> <td></td> <td>600</td> </tr> <tr> <td>Rent, Rates and taxes</td> <td>300</td> <td></td> </tr> <tr> <td>Building upkeep</td> <td>150</td> <td></td> </tr> <tr> <td>Director's fees</td> <td>720</td> <td></td> </tr> <tr> <td>Sundry charges</td> <td>120</td> <td></td> </tr> <tr> <td>Interest to vendor</td> <td>1,000</td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>71,100</b></td> <td><b>71,100</b></td> </tr> </tbody> </table> <p>Analyse the final accounts for the year ending December 31, 2008, considering the following additional details:</p> <ul style="list-style-type: none"> <li>➤ Stock at end Rs. 14,000</li> <li>➤ Bad debts Rs.200 (Including Rs.50 on debtors taken over from vendor) to be written off</li> <li>➤ Sales above include sales upto april 1, 2008, Rs. 7,500</li> <li>➤ Provide for doubtful debts Rs.250</li> <li>➤ Depreciate Buildings 5% and cycles 20%.</li> </ul>	Particulars	Rs.	Rs.	Cash and Bank balances (Cash Rs. 180)	4,860		Share capital		22,500	Land and Buildings	8,000		Fixtures	750		Cycles	1,000		Salaries	1,200		Purchases	48,500		Sales		45,000	Debtors and Creditors	4,500	3,000	Rent from tenants		600	Rent, Rates and taxes	300		Building upkeep	150		Director's fees	720		Sundry charges	120		Interest to vendor	1,000		<b>Total</b>	<b>71,100</b>	<b>71,100</b>	Analysing	Level 4	CO2
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11.	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. Develop journal entries in the books of the company in respect of the above (including cash transactions).	Applying	Level 3	CO2																																																																												
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. Analyse the journal entries to record these transactions.	Analysing	Level 4	CO2																																																																												
13.	Examine the legal requirements for the maintenance of books of account under the Companies Act, 2013.	Applying	Level 3	CO2																																																																												
14.	<p>A Co. Ltd was incorporated on May 1, 2016 to take over the business of X &amp; Co. as a going concern from January 2016. The profit and loss account for the year ending December 31, 2016 was as follows.</p> <p><b>Profit and Loss account of A CO ltd for the year ended 31.12.2016</b></p> <table border="1" data-bbox="212 1216 946 2128"> <thead> <tr> <th>Dr</th> <th></th> <th>Cr</th> <th></th> </tr> <tr> <th>Details</th> <th>Rs.</th> <th>Details</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>To rent &amp; taxes</td> <td>12,000</td> <td>By trading account</td> <td>1,55,000</td> </tr> <tr> <td>To insurance</td> <td>3,000</td> <td></td> <td></td> </tr> <tr> <td>To EB</td> <td>2,400</td> <td></td> <td></td> </tr> <tr> <td>To salaries</td> <td>36,000</td> <td></td> <td></td> </tr> <tr> <td>To directors fee</td> <td>3,000</td> <td></td> <td></td> </tr> <tr> <td>To auditors fee</td> <td>1,600</td> <td></td> <td></td> </tr> <tr> <td>To commission</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>To advertisement</td> <td>4,000</td> <td></td> <td></td> </tr> <tr> <td>To discount</td> <td>3,500</td> <td></td> <td></td> </tr> <tr> <td>To office expenses</td> <td>7,500</td> <td></td> <td></td> </tr> <tr> <td>To carriage</td> <td>3,000</td> <td></td> <td></td> </tr> <tr> <td>To bank charges</td> <td>1,500</td> <td></td> <td></td> </tr> <tr> <td>To Preliminary expenses</td> <td>6,500</td> <td></td> <td></td> </tr> <tr> <td>To bad debts</td> <td>2,000</td> <td></td> <td></td> </tr> <tr> <td>To interest on loan</td> <td>3,000</td> <td></td> <td></td> </tr> <tr> <td>To net profit</td> <td>60,000</td> <td></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>1,55,000</b></td> <td><b>TOTAL</b></td> <td><b>1,55,000</b></td> </tr> </tbody> </table>	Dr		Cr		Details	Rs.	Details	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			<b>TOTAL</b>	<b>1,55,000</b>	<b>TOTAL</b>	<b>1,55,000</b>	Analysing	Level 4	CO2
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	<p>The total turnover for the year ending December 31, 2016 was Rs 5,00,000 divided into Rs 1,50,000 for the period up to May 1, 2016 and Rs 3,50,000 for the remaining period. Analyse the profit and loss account and ascertain the 'Profit prior to' and after incorporation.</p>																																																
15.	<p>X td., which was incorporated on May 1, 2009, acquired a business on January 1 2009. The first accounts were closed on September 30, 2009.</p> <p>The Gross Profit for the period was Rs. 42,000</p> <p>Details of other expenses: general expenses Rs. 7,200; director's remuneration Rs. 12,000 and preliminary expenses Rs. 2,000</p> <p>Rent upto June 30 was Rs. 6,000 per annum after which it was increased by 40%.</p> <p>Salary of the manager, who on formation of the Company has become a whole time director and whose remuneration has been given above, was agreed at Rs. 5,100 per annum.</p> <p>The Company earned a uniform Gross Profit. The sales up to September 2009 were Rs. 98,000. The monthly average of sales for the first months of the year was one-half of the remaining period.</p> <p>Analyse the Profit and Loss Account and indicate how you would deal with the pre-incorporation results.</p>	Analysing	Level 4	CO2																																													
16.	Analyse the SEBI Guidelines for issue of capital.	Analysing	Level 4	CO2																																													
17.	<p>Mohan company Ltd., was incorporated on 30<sup>th</sup> June 2005 to take over the business of K.Mohan as from 1<sup>st</sup> January 2015. The financial accounts for the year ended 31 December 2015.</p> <table border="1" data-bbox="231 1590 949 2116"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Sales:</td> <td></td> <td></td> </tr> <tr> <td>January to June</td> <td>120,000</td> <td></td> </tr> <tr> <td>July to December</td> <td>180,000</td> <td></td> </tr> <tr> <td><i>Total</i></td> <td></td> <td>3,00,000</td> </tr> <tr> <td>Less: Purchases:</td> <td></td> <td></td> </tr> <tr> <td>January to June</td> <td>75,000</td> <td></td> </tr> <tr> <td>July to December</td> <td>120,000</td> <td></td> </tr> <tr> <td><i>Total</i></td> <td></td> <td>1,95,000</td> </tr> <tr> <td><b>Gross Profit</b></td> <td></td> <td><b>1,05,000</b></td> </tr> <tr> <td>Less: Salaries</td> <td>15,000</td> <td></td> </tr> <tr> <td>    Selling Expenses</td> <td>3,000</td> <td></td> </tr> <tr> <td>    Depreciation</td> <td>1,500</td> <td></td> </tr> <tr> <td>    Directors Remuneration</td> <td>750</td> <td></td> </tr> <tr> <td>    Debenture Interest</td> <td>90</td> <td></td> </tr> </tbody> </table>	Particulars	Rs.	Rs.	Sales:			January to June	120,000		July to December	180,000		<i>Total</i>		3,00,000	Less: Purchases:			January to June	75,000		July to December	120,000		<i>Total</i>		1,95,000	<b>Gross Profit</b>		<b>1,05,000</b>	Less: Salaries	15,000		Selling Expenses	3,000		Depreciation	1,500		Directors Remuneration	750		Debenture Interest	90		Applying	Level 3	CO2
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	Administration Expenses (Rent, Rates etc.)	4,500			
			<b>24,840</b>		
	Balance		80,160		

Identify the 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 31<sup>st</sup> December 2015.

<b>UNIT – III – ANALYSIS OF FINANCIAL STATEMENTS</b>				
<b>SYLLABUS:</b> Analysis of financial statements: Comparative Statements-Common Size Statements-Trend analysis – Financial ratio analysis, Interpretation of ratio for financial decision - Cash flow (as per Accounting Standard 3) and funds flow statement analysis.				
<b>PART- A</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO LEVEL</b>
1.	Define financial statements.	Remembering	Level 1	CO3
2.	List out various sources and applications of cash.	Understanding	Level 2	CO3
3.	State the meaning of Comparative Statements.	Remembering	Level 1	CO3
4.	List any two objectives of financial statements analysis.	Understanding	Level 2	CO3
5.	Outline the importance of funds flow statement.	Understanding	Level 2	CO3
6.	State the differences between cash flow and funds flow statements.	Remembering	Level 1	CO3
7.	What does cash flow analysis mean?	Understanding	Level 2	CO3
8.	How would you explain funds flow statement?	Remembering	Level 1	CO3
9.	List the three activities in a cash flow statement as per AS 3.	Understanding	Level 2	CO3
10.	Interpret the term Trend analysis.	Remembering	Level 1	CO3
11.	Identify the uses of cash flow statement.	Remembering	Level 1	CO3
12.	List the difference between current ratio and liquid ratio.	Understanding	Level 2	CO3
13.	Show your understanding of the term Trend Ratios.	Remembering	Level 1	CO3

14.	Outline the scope of Common size statements.	Understanding	Level 2	CO3
15.	What is meant by Cash inflow and cash outflow?	Remembering	Level 1	CO3
16.	Calculate Debtors Turnover Ratio from the following: Total Sales Rs. 2,00,000 Cash Sales Rs. 40,000 Opening debtors Rs. 35,000 Closing Debtors Rs. 45,000	Understanding	Level 2	CO3
17.	Define Current ratio.	Remembering	Level 1	CO3
18.	Interpret the term 'Funds from operations'.	Understanding	Level 2	CO3
19.	What are the benefits of schedule of changes in working capital?	Remembering	Level 1	CO3
20.	Interpret the terms: Cash Flows.	Understanding	Level 2	CO3
21.	What are Comparative Financial Statements?	Remembering	Level 1	CO3
22.	Distinguish between Vertical and Horizontal Analysis of financial data.	Understanding	Level 2	CO3
23.	List the types of working capital.	Remembering	Level 1	CO3
24.	Infer the managerial uses of a Cash Flow Statement.	Understanding	Level 2	CO3

PART- B				
S.N O	QUESTIONS	COMPETENCE	BT LEVEL	CO LEVEL
1.	Explain the objectives and importance of analysis and interpretation of financial statements.	Applying	Level 3	CO3
2.	<b>(i) From the given information:</b> <ul style="list-style-type: none"> <li>• Current Assets = 2,50,000</li> <li>• Inventory = 80,000</li> <li>• Prepaid Expenses = 10,000</li> <li>• Current Liabilities = 1,00,000</li> </ul> <b>Calculate:</b> <ol style="list-style-type: none"> <li>1. Current Ratio</li> <li>2. Quick Ratio</li> </ol>	Analysing	Level 4	CO3
	<b>(ii) From the given (Income Statement):</b> <ul style="list-style-type: none"> <li>• Sales Revenue = 8,00,000</li> <li>• Cost of Goods Sold = 5,00,000</li> <li>• Operating Expenses = 1,00,000</li> <li>• Net Profit = 2,00,000</li> </ul> <b>Calculate:</b> <ol style="list-style-type: none"> <li>1. Gross Profit Ratio</li> <li>2. Net Profit Ratio.</li> </ol>			
3.	Interpret the advantages and disadvantages of Ratio analysis.	Applying	Level 3	CO3

4.	Explain briefly the various classification of Ratios.	Analysing	Level 4	CO3																																													
5.	<p>Examine the balance sheet of the concern from the following details:</p> <table border="1"> <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 collection period</td> <td>73 Days</td> </tr> </table> <p>The gross profit was Rs. 60,000 closing stock was Rs. 5,000 in excess of the opening stock.</p>	Stock Velocity	6	Capital turnover ratio	2	Fixed assets turnover ratio	4	Gross profit ratio	20%	Debt collection period	2 Months	Creditors collection period	73 Days	Applying	Level 3	CO3																																	
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6.	Determine the specimen of Comparative Statements-Common size statements.	Analysing	Level 4	CO3																																													
7.	<p>Analyse common size statement from the following:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>2017 Rs.</th> <th>2018 RS.</th> </tr> </thead> <tbody> <tr> <td><b>Assets</b></td> <td></td> <td></td> </tr> <tr> <td>Cash</td> <td>2,70,000</td> <td>2,90,000</td> </tr> <tr> <td>Debtors</td> <td>1,70,000</td> <td>1,50,000</td> </tr> <tr> <td>Stock</td> <td>1,20,000</td> <td>1,00,000</td> </tr> <tr> <td>Outstanding Income</td> <td>30,000</td> <td>20,000</td> </tr> <tr> <td>Prepaid Expenses</td> <td>10,000</td> <td>30,000</td> </tr> <tr> <td>Fixed assets</td> <td>11,00,000</td> <td>14,10,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>17,00,000</b></td> <td><b>20,00,000</b></td> </tr> <tr> <td><b>Liabilities</b></td> <td></td> <td></td> </tr> <tr> <td>Creditors</td> <td>1,40,000</td> <td>1,50,000</td> </tr> <tr> <td>Bills payable</td> <td>60,000</td> <td>40,000</td> </tr> <tr> <td>Long term loan</td> <td>5,00,000</td> <td>6,10,000</td> </tr> <tr> <td>Capital</td> <td>10,00,000</td> <td>12,00,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>17,00,000</b></td> <td><b>20,00,000</b></td> </tr> </tbody> </table>	Particulars	2017 Rs.	2018 RS.	<b>Assets</b>			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	<b>Total</b>	<b>17,00,000</b>	<b>20,00,000</b>	<b>Liabilities</b>			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	<b>Total</b>	<b>17,00,000</b>	<b>20,00,000</b>	Analysing	Level 4	CO3
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8.	List the sources of funds. Distinguish funds flow statement from cash flow statement.	Analysing	Level 4	CO3																																													
9.	<p>Examine the balance sheets of Krishna Ltd. Jaipur for the year 2018 and 2019.</p> <table border="1"> <thead> <tr> <th>Liabilities</th> <th>31.3.18</th> <th>31.3.19</th> <th>Assets</th> <th>31.3.18</th> <th>31.3.19</th> </tr> </thead> <tbody> <tr> <td>Eq.Share</td> <td>3,00,000</td> <td>3,50,000</td> <td>Fixed Assets</td> <td>5,10,000</td> <td>6,20,000</td> </tr> <tr> <td>Capital</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Liabilities	31.3.18	31.3.19	Assets	31.3.18	31.3.19	Eq.Share	3,00,000	3,50,000	Fixed Assets	5,10,000	6,20,000	Capital						Applying	Level 3	CO3																											
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Capital																																																	

	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																																														
	R & S	1,10,000	2,70,000	Cash-in hand	40,000	70,000																																														
	Current Liabilities	80,000	1,60,000	Discount on Issue of Debenture	10,000	5,000																																														
	<b>Total</b>	<b>7,90,000</b>	<b>10,80,000</b>	<b>Total</b>	<b>7,90,000</b>	<b>10,80,000</b>																																														
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	<ul style="list-style-type: none"> <li>➤ A machine with a book value of Rs. 40,000 was sold for Rs. 25,000.</li> <li>➤ 15% preference shares were redeemed at a premium of 15% on 31-3-09 for Rs.1,00,000</li> <li>➤ Dividend on equity shares @ 15% was paid for the year 2008 during 2009.</li> <li>➤ Depreciation charged during 2009 was Rs. 60,000</li> </ul> <p>You are asked to prepare a cash flow as per AS-3 (Revised)</p>																																																			
10.	Prepare the funds flow statement for the year 2023-24.						Analysing	Level 4	CO3																																											
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	<b>Additional Information:</b>																																																			
	<ul style="list-style-type: none"> <li>• Depreciation charged on fixed assets during the year: ₹50,000</li> <li>• Dividend paid during the year: ₹20,000.</li> </ul>																																																			

11.	Develop funds flow statement from the following figures.					Applying	Level 3	CO3	
	<b>Liabilities</b>	<b>31-12-2001</b>	<b>31-12-2002</b>	<b>Assets</b>	<b>31-12-2001</b>				<b>31-12-2002</b>
	Creditors	3,19,000	3,65,000	Cash	1,30,000				40,000
	Provision for dividend	-----	2,00,000	Debtors	1,00,000				1,60,000
	Long term loan	-----	5,35,000	Stock	2,35,000				2,55,000
	Equity capital	36,00,000	40,00,000	Land and Buildings	5,40,000				10,20,000
	Surplus	1,00,000	1,29,000	Plant and Machinery	28,04,000				35,44,000
				Furniture	2,10,000				2,10,000
<b>Total</b>	<b>40,19,000</b>	<b>52,29,000</b>	<b>Total</b>	<b>40,19,000</b>	<b>52,29,000</b>				
12.	Analyse funds from operation and cash from operation from the following balance sheets of subha Ltd.,					Analysing	Level 4	CO3	
	<b>Particulars</b>		<b>2018 (RS.)</b>	<b>2019 (RS.)</b>					
	Equity share capital		4,00,000	4,00,000					
	Reserves and surplus		2,82,000	3,46,000					
	Depreciation Reserve		20,000	28,000					
	Secured loans		40,000	60,000					
	Creditors for goods		1,29,000	1,06,000					
	Outstanding expenses		17,000	3,000					
	<b>Total</b>		<b>8,88,000</b>	<b>9,43,000</b>					
	Plant and Equipment (Cost)		5,70,000	6,00,000					
	Inventories		1,96,000	2,26,000					
	Debtors		79,000	57,000					
	Cash at Bank		43,000	60,000					
<b>Total</b>		<b>8,88,000</b>	<b>9,43,000</b>						
13.	Develop the cash flow statement. A summary of the financial position of Mr.X for the year 2018 and 2019 is given as follows:					Applying	Level 3	CO3	
	<b>Liabilities</b>	<b>2018 (Rs.)</b>	<b>2019 (Rs.)</b>	<b>Assets</b>	<b>2018 (Rs.)</b>				<b>2019 (Rs.)</b>
	Capital	70,000	83,000	Cash	7,000				13,000
	Creditors	10,000	12,000	Debtors	20,000				18,000
				Stock	40,000				52,000

			Fixed Assets	13,000	12,000				
	<b>Total</b>	<b>80,000</b>	<b>95,000</b>	<b>Total</b>	<b>80,000</b>	<b>95,000</b>			
	There were no drawings or sale of fixed assets during the year.								
14.	Analyse funds flow statement for the year ended 31 <sup>st</sup> December 2001 from the following particular.								
	<b>Particulars</b>		<b>Rs.</b>						
	Net profit before writing off goodwill		<b>21,500</b>						
	Depreciation written off on fixed assets		3,500						
	Goodwill written off from profits		5,000						
	Dividends paid		7,000						
	Shares issued for cash		10,000						
	Purchase of machinery		20,000						
	Increase in working capital		8,000						
15.	Interpret the following balance sheet of CASIO Ltd and prepare funds flow statement.						Applying	Level 3	CO3
	<b>Liabilities</b>	<b>2005 Rs.</b>	<b>2006 Rs.</b>	<b>Asse ts</b>	<b>2005 Rs.</b>	<b>2006 Rs.</b>			
	Share Capital	5,00,000	7,00,000	Land Buildings	80,000	1,20,000			
	Profit and loss account	1,00,000	1,60,000	Plant & Machinery	5,00,000	8,00,000			
	General Reserve	50,000	70,000	Stoc k	1,00,000	75,000			
	Sundry Creditors	1,53,000	1,90,000	Sund ry Debt ors	1,50,000	1,60,000			
	B/P	40,000	50,000	Cash	20,000	20,000			
	Outstandi ng Expenses	7,000	5,000						
	<b>Total</b>	<b>8,50,000</b>	<b>11,75,000</b>	<b>Total</b>	<b>8,50,000</b>	<b>11,75,000</b>			
16.	Examine the role of ratio analysis as a tool and technique of financial statement analysis.						Analysing	Level 4	CO3
17.	Capital turnover – 2						Applying	Level 3	CO3

<p>Fixed Assets turnover ratio – 4</p> <p>Gross Profit – Rs.1,20,000</p> <p>Gross profit Ratio – 20%</p> <p>Stock Velocity – 6</p> <p>Reserves – Rs. 20,000</p> <p>Debtors Velocity – 2 Months</p> <p>Creditors – 73 days.</p> <p>Closing stock was Rs.5000 in excess of opening stock from the above information identify:</p> <p>1.Fixed Assets 2. Debtors 3. Stock 4. Creditors.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Liabilities</th> <th style="width: 10%;">2017 (Rs.)</th> <th style="width: 10%;">2018 (Rs.)</th> <th style="width: 15%;">Assets</th> <th style="width: 10%;">2017 (Rs.)</th> <th style="width: 10%;">2018(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Share Capital</td> <td>10,000</td> <td>15,000</td> <td>Fixed Assets</td> <td>10,000</td> <td>20,000</td> </tr> <tr> <td>P/L A/C</td> <td>4,000</td> <td>6,000</td> <td>Current Assets</td> <td>13,000</td> <td>14,500</td> </tr> <tr> <td>Provision for tax</td> <td>2,000</td> <td>3,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Proposed Dividend</td> <td>1,000</td> <td>1,500</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sundry Creditor</td> <td>4,000</td> <td>6,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Outstanding Expenses</td> <td>2,000</td> <td>3,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>23,000</b></td> <td><b>34,500</b></td> <td><b>Total</b></td> <td><b>23,000</b></td> <td><b>34,500</b></td> </tr> </tbody> </table>	Liabilities	2017 (Rs.)	2018 (Rs.)	Assets	2017 (Rs.)	2018(Rs.)	Share Capital	10,000	15,000	Fixed Assets	10,000	20,000	P/L A/C	4,000	6,000	Current Assets	13,000	14,500	Provision for tax	2,000	3,000				Proposed Dividend	1,000	1,500				Sundry Creditor	4,000	6,000				Outstanding Expenses	2,000	3,000				<b>Total</b>	<b>23,000</b>	<b>34,500</b>	<b>Total</b>	<b>23,000</b>	<b>34,500</b>			
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UNIT – IV – COST ACCOUNTING & BUDGETARY CONTROL				
<b>SYLLABUS:</b>				
Cost Accounts System - Classification of manufacturing costs –Elements of Cost – Cost Sheet - Marginal costing including Exploring new markets and Make or Buy decisions –Budget - Budgetary Control - Standard cost system & Variance Analysis.				
<b>PART- A</b>				
S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO LEVEL
1.	Define Cost Accounting.	Remembering	Level 1	CO 4
2.	Infer two uses of a cost sheet.	Understanding	Level 2	CO 4
3.	State the assumptions of 'Break Even Analysis'.	Remembering	Level 1	CO 4
4.	Classify the elements of cost.	Understanding	Level 2	CO 4
5.	Outline the concept of Break Even Point.	Understanding	Level 2	CO 4

6.	What are the managerial uses of marginal costing?	Remembering	Level 1	CO 4
7.	Infer the objectives of Cost Accounting.	Understanding	Level 2	CO 4
8.	List the functions of cost accounting.	Remembering	Level 1	CO 4
9.	Interpret the essentials of good budgetary control system.	Understanding	Level 2	CO 4
10.	What does Variance analysis mean?	Remembering	Level 1	CO 4
11.	State the meaning of Margin of Safety and CVP analysis.	Remembering	Level 1	CO 4
12.	Interpret the usage of cost sheet.	Understanding	Level 2	CO 4
13.	What is Make or Buy decision?	Remembering	Level 1	CO 4
14.	Classify the types of budget.	Understanding	Level 2	CO 4
15.	What is P/V Ratio?	Remembering	Level 1	CO 4
16.	Show your understanding on budgetary control.	Understanding	Level 2	CO 4
17.	What is contribution in marginal costing?	Remembering	Level 1	CO 4
18.	Compare budgetary control and standard costing.	Understanding	Level 2	CO 4
19.	Define Contribution.	Remembering	Level 1	CO 4
20.	Infer - Budget.	Understanding	Level 2	CO 4
21.	What is fixed cost?	Remembering	Level 1	CO 4
22.	Outline the concept of Zero based budgeting.	Understanding	Level 2	CO 4
23.	What is Variable cost?	Remembering	Level 1	CO 4
24.	Interpret the two types of decision making in CVP analysis.	Understanding	Level 2	CO 4

<b>PART- B</b>												
<b>S.N O</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO LEVEL</b>								
1.	Identify the objectives, functions of Cost Accounting and how is it useful to the business?	Applying	Level 3	CO 4								
2.	Assume 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.  <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Cost per unit</th> </tr> </thead> <tbody> <tr> <td>Material</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Wages</td> <td style="text-align: center;">30</td> </tr> <tr> <td>Factory overheads</td> <td style="text-align: center;">30(40%fixed)</td> </tr> </tbody> </table>	Particulars	Cost per unit	Material	100	Wages	30	Factory overheads	30(40%fixed)	Analysing	Level 4	CO 4
Particulars	Cost per unit											
Material	100											
Wages	30											
Factory overheads	30(40%fixed)											

Administration overheads	20(50% fixed)
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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.

3. From the following budget data, identify the cash position at the end of April, May and June 2003.

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

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 15<sup>th</sup> June.
- vi. Income from investments: Rs. 5,000 received quarterly, in April, July
- vii. Cash in hand: Rs.5, 000 on 1<sup>st</sup> April, 2003.

Applying

Level 4

CO 4

4. Examine the following data and calculate break event point.

Particulars	Rs.
Selling price per unit	20
Direct material cost per unit	8
Direct labour cost per unit	2
Direct expenses per unit	2
Overheads per unit	3
Fixed overheads (total)	20,000

If sales are 20% above the break-even point, determine the net profit. Analyze how Break-even chart is constructed?

Analysing

Level 4

CO 4

5. Explain the principles and applications of marginal costing. How does it help in managerial decision-making?

Applying

Level 3

CO 4

6. Examine the turnover and profits of the two years:

Analysing

Level 4

CO 4

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

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.

7. Analyse the flexible budget for the half year and forecast process at 60%, 75%, 90% & 100% respectively?

Analysing

Level 4

CO 4

Particulars	Rs. In lakhs	
<b>Fixed expenses</b>		
Wages	16.8	
Rent, taxes, etc.	11.2	
Depreciation	14.0	
Administrative expenses	17.8	59.8
<b>Semi variable expenses(@ 50% capacity)</b>		
Repair & maintenance	5.0	
Indirect labour	19.8	
Sales department salaries	5.8	
Sundry administration expenses	5.2	35.8
<b>Variable expenses (@ 50% capacity)</b>		
Material	48.0	
Labour	51.2	
Other expenses	7.6	106.8

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.

8.	<p>(i) Analyze the materials mix variance from the following. (8)</p> <table border="1" data-bbox="277 199 866 488"> <thead> <tr> <th>Material</th> <th>Actual</th> <th>Standard</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>(ii) A company sells its product at ₹50 per unit. Variable cost is ₹30 per unit and fixed cost is ₹2,00,000 per annum. (8)</p> <p><b>Calculate:</b></p> <ol style="list-style-type: none"> <li>Contribution per unit</li> <li>Break-Even Sales (in units and ₹)</li> <li>Profit when sales are 10,000 units.</li> </ol>	Material	Actual	Standard	A	90 units at Rs.12 each	100 units at Rs.12 each	B	60 units at Rs.15 each	50 units at Rs. 16 each.	Analysing	Level 4	CO 4
Material	Actual	Standard											
A	90 units at Rs.12 each	100 units at Rs.12 each											
B	60 units at Rs.15 each	50 units at Rs. 16 each.											
9.	<p>Following are the sales turnover and profit during 2 years:</p> <table border="1" data-bbox="304 907 777 1086"> <thead> <tr> <th>Year</th> <th>Sales (Rs)</th> <th>Profit (Rs)</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Illustrate</p> <ol style="list-style-type: none"> <li>P / V ratio 25%</li> <li>Sales required to earn a profit of Rs. 40,000.</li> <li>Profit when sales are Rs.1,20,000.</li> </ol>	Year	Sales (Rs)	Profit (Rs)	2000	1,40,000	15,000	2001	1,60,000	20,000	Applying	Level 3	CO 4
Year	Sales (Rs)	Profit (Rs)											
2000	1,40,000	15,000											
2001	1,60,000	20,000											
10.	<p>(i) Examine in detail the objectives, advantages and disadvantages of budgetary control system. (8)</p> <p>(ii) A company's costs at 60% capacity (6,000 units) are as follows: (8)</p> <ul style="list-style-type: none"> <li>Fixed Cost: ₹90,000</li> <li>Variable Cost per unit: ₹20</li> <li>Semi-variable cost: ₹30,000 at 60%, increases by ₹5,000 for every 20% increase in capacity.</li> </ul>	Analysing	Level 4	CO 4									

11.	<p>Construct a flexible budget for overheads on the basis of The following data and ascertain overheads rates at 50%, 60% and 70% capacity.</p> <table border="1" data-bbox="209 232 884 1070"> <thead> <tr> <th>Particulars</th> <th>At 60% capacity</th> </tr> </thead> <tbody> <tr> <td><b>Variable overheads:</b></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><b>Semi variable overheads:</b></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><b>Fixed overheads:</b></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><b>Total overheads</b></td> <td>93,000</td> </tr> <tr> <td><b>Estimated direct labour hours</b></td> <td>1,86,000</td> </tr> </tbody> </table>	Particulars	At 60% capacity	<b>Variable overheads:</b>		Indirect labour	6,000	Indirect material	18,000	<b>Semi variable overheads:</b>		Electricity (40% fixed 60%variable)	30,000	Repairs (80% fixed 20% variable)	3,000	<b>Fixed overheads:</b>		Depreciation	16,500	Insurance	4,500	Salaries	15,000	<b>Total overheads</b>	93,000	<b>Estimated direct labour hours</b>	1,86,000	Applying	Level 3	CO 4
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12.	<p>The turnover and profits of the two years were as follows:</p> <table border="1" data-bbox="178 1205 914 1384"> <thead> <tr> <th>Particulars</th> <th>Sales</th> <th>Profit/loss</th> </tr> </thead> <tbody> <tr> <td>I year</td> <td>8000 units</td> <td>15000 loss</td> </tr> <tr> <td>II Year</td> <td>10000 units</td> <td>15000 profit</td> </tr> </tbody> </table> <p>The selling price per unit is Rs 120 Analyze</p> <ul style="list-style-type: none"> <li>• P/V Ratio,</li> <li>• FC,</li> <li>• Sales at BEP,</li> <li>• The number of units to be sold to earn a profit of Rs 45,000, profit when sales are 30,000 units</li> </ul>	Particulars	Sales	Profit/loss	I year	8000 units	15000 loss	II Year	10000 units	15000 profit	Analysing	Level 4	CO 4																	
Particulars	Sales	Profit/loss																												
I year	8000 units	15000 loss																												
II Year	10000 units	15000 profit																												
13.	Identify the different types of budget in detail.	Applying	Level 3	CO 4																										
14.	Examine the techniques of CVP Analysis. List the advantages and disadvantages of marginal costing.	Analysing	Level 4	CO 4																										
15.	<p>Analyse</p> <ol style="list-style-type: none"> <li>i. The amount of fixed expenses.</li> <li>ii. Break even sales</li> <li>iii. The number of units to break-even.</li> <li>iv. The number of units to earn a profit of Rs. 40,000.</li> </ol> <p>You are provided with the following information:</p> <p>(1)The selling price per unit can be assumed at Rs.</p>	Analysing	Level 4	CO 4																										

	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.			
16.	Analyse the Steps involved in budgeting. Examine the essentials of Budgetary Control system.	Analysing	Level 4	CO 4
17.	From the following information identify: (i) P / V Ratio (ii) Break - Even Point (iii) Margin of Safety Total Sales - Rs. 3,60,000 Selling price per unit - Rs. 100 Variable cost per unit - Rs.50 Fixed cost - Rs.1,00,000 (iv) If the selling price is reduced to Rs. 90 by how much is the margin of safety reduced?	Applying	Level 3	CO 4

<b>UNIT – V – ACCOUNTING IN COMPUTERISED ENVIRONMENT AND TRENDS</b>				
<b>SYLLABUS:</b> Terms used in Computerized Accounting-Significance of Computerized Accounting System- Codification and Grouping of Accounts, Maintaining the hierarchy of ledgers- Prepackaged Accounting software – Accounting standards and accounting disclosure practices in India.				
<b>PART- A</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO LEVEL</b>
1.	Define the term 'Codification'.	Remembering	Level 1	CO 5
2.	Compare computerized accounting system and manual accounting system?	Understanding	Level 2	CO 5
3.	Find the usage of ERP?	Remembering	Level 1	CO 5
4.	Infer - Computerized accounting.	Understanding	Level 2	CO 5
5.	Outline the benefits of computerized accounting system.	Understanding	Level 2	CO 5
6.	Recall the purpose of accounting codes.	Remembering	Level 1	CO 5
7.	Interpret the application of computers in accounting.	Understanding	Level 2	CO 5
8.	List the uses of Accounting Software.	Remembering	Level 1	CO 5
9.	Outline the features of computerized accounting system.	Understanding	Level 2	CO 5

10.	What is an accounting standard?	Remembering	Level 1	CO 5
11.	List the disadvantages of ERP.	Remembering	Level 1	CO 5
12.	Show the hierarchy of ledgers.	Understanding	Level 2	CO 5
13.	List the types of accounting software.	Remembering	Level 1	CO 5
14.	Interpret - Customized Accounting Software.	Understanding	Level 2	CO 5
15.	What are spreadsheets?	Remembering	Level 1	CO 5
16.	Interpret - Ledger.	Understanding	Level 2	CO 5
17.	What is pre-packaged accounting software?	Remembering	Level 1	CO 5
18.	State any two accounting disclosure practices followed in India.	Understanding	Level 2	CO 5
19.	What is meant by data entry?	Remembering	Level 1	CO 5
20.	Infer - "accounting disclosure".	Understanding	Level 2	CO 5
21.	Define the term 'Grouping of Accounts'.	Remembering	Level 1	CO 5
22.	Infer – ERP.	Understanding	Level 2	CO 5
23.	List the disadvantages of Customized Accounting Package.	Remembering	Level 1	CO 5
24.	Outline any two features of Tally software.	Understanding	Level 2	CO 5

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO LEVEL</b>
1.	Identify Why should we use accounting software? Compile the different types of accounting software.	Applying	Level 3	CO 5
2.	Examine the factors to be considered for selecting Pre-packaged accounting software.	Analysing	Level 4	CO 5
3.	Write the advantages and disadvantages of Pre-packaged accounting software.	Applying	Level 3	CO 5
4.	Analyse the procedure involved in the creation, alteration and deletion of ledger accounts in tally.	Analysing	Level 4	CO 5
5.	Explain the significance of Computerized Accounting System.	Applying	Level 3	CO 5
6.	Analyse the impact of computerized accounting systems on financial reporting and compliance with statutory norms.	Analysing	Level 4	CO 5

7.	Analyse the role of accounting standards in computerized accounting. How do they ensure uniformity and transparency?	Analysing	Level 4	CO 5
8.	Examine the applicability of Customized accounting software in business.	Analysing	Level 4	CO 5
9.	Interpret the statement “An ERP is an integrated software package that manages the business process across the entire enterprise”.	Applying	Level 3	CO 5
10.	Examine the merits and demerits of maintaining computerized accounts in spread sheet.	Analysing	Level 4	CO 5
11.	Identify the general problems faced in computerized accounting system?	Applying	Level 3	CO 5
12.	Examine about codification and grouping of accounts in a computerized environment and manual accounts.	Analysing	Level 4	CO 5
13.	Identify the advantages and disadvantages of computer accounting.	Applying	Level 3	CO 5
14.	Analyse the importance of prepackaged Accounting Software.	Analysing	Level 4	CO 5
15.	Interpret - “ Computerized environment of accounts will ensure flawless accounting system”.	Applying	Level 3	CO 5
16.	Examine the various accounting Software and explain its applicability in business.	Analysing	Level 4	CO 5
17.	Explain manual and computerized accounting systems with regard to data entry, error detection, speed, and reporting.	Applying	Level 3	CO 5