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**DHANALAKSHMI SRINIVASAN COLLEGE  
OF ARTS & SCIENCE FOR WOMEN  
(AUTONOMOUS)**

(For Candidates admitted from 2019-2020 onwards)

**UG DEGREE EXAMINATIONS APRIL - 2021**

**BBA - AVIATION MANAGEMENT**

**ACCOUNTING FOR MANAGERS**



**Time: 3 Hrs**

**Max.Marks: 75**

**PART - A**

**CHOOSE THE CORRECT ANSWER**

**(10X1=10)**

1. Trial Balance is used to check the accuracy of \_\_\_\_\_
  - a) Balance Sheet Balances
  - b) Ledger Accounts Balances
  - c) Cash flow Statement
  - d) come Statement Balances
2. Which of the options is an example of Business Liability?
  - a) Creditors
  - b) Cash
  - c) Building
  - d) Land
3. What is the purpose of making a provision for depreciation is the accounts
  - a) To charge the cost of fixed assets against profits
  - b) To show the current market value of fixed Assets
  - c) To make cash available to replace fixed Assets
  - d) To make a provision for repairs.
4. Sales is 1,20,000 and Gross profit is 30,000 the gross profit ratio is
  - a) 24 %
  - b) 25 %
  - c) 40 %
  - d) 44 %
5. Which statement is prepared in the process of funds flow analysis?
  - a) Schedule of changes in working capital.
  - b) Funds Flow Statement
  - c) Both a and b
  - d) None of the above
6. Which item comes under financial activities in cash flow
  - a) Redemption of preference shares
  - b) Issue of preference share
  - c) Interest paid
  - d) All the above
7. Fixed cost per unit decreases when \_\_\_\_\_
  - a) Production volume increases
  - b) Production volume decreases.
  - c) Variable cost per unit decreases
  - d) Variable cost per unit increases
8. The difference between total revenues and total variable costs is known as \_\_\_\_\_.
  - a) Contribution margin
  - b) Gross margin
  - c) Operating income
  - d) Fixed costs
9. Total of all direct costs is termed as \_\_\_\_\_.
  - a) Prime cost
  - b) Works cost
  - c) Cost of sales
  - d) Cost of production.
10. Which of the following is an example of semi-variable cost?
  - a) Salary
  - b) Tax
  - c) Telephone Expenses
  - d) Office Expenses

**PART - B****ANSWER ALL THE QUESTIONS****(5X7=35)**

11. a) The following balances were extracted from the ledger of Sulaiman & Co works on 31st March 2018.

You are required to prepare a trial balance as on that date in proper form.

| Particular's         | Rs.    | Particular's        | Rs.      |
|----------------------|--------|---------------------|----------|
| Drawings             | 6,000  | Salaries            | 9,500    |
| Capital              | 24,000 | Sales Return        | 1,000    |
| Sundry Creditor      | 43,000 | Purchase Return     | 1,100    |
| Bills Payable        | 4,000  | Travelling Expenses | 4,6000   |
| Loan from karthik    | 10,000 | Commission paid     | 100      |
| Furniture & Fixtures | 4,500  | Trading Expenses    | 2,500    |
| Opening stock        | 47,000 | Discount earned     | 2,500    |
| Cash in hand         | 900    | Rent                | 2,000    |
| Cash at bank         | 12,500 | Bank overdraft      | 6,000    |
| Tax                  | 3,500  | Sales               | 1,28,000 |

**(OR)**

b) Journal the following transactions of M/s. Luqman& Sons.

| Date     | Particular's   | Amount   |
|----------|--|----------|
| 1 Jan 20 | Business started with Rs.2,50,000 and cash deposited with bank | 1,50,000 |
| 3        | Purchased machinery on credit from Rangan                      | 50,000   |
| 6        | Bought furniture from Ramesh for cash                          | 25,000   |
| 12       | Goods sold to Yesodha  | 22,500   |
| 13       | Goods Return by Yesodha  | 2,500    |
| 15       | Goods sold for cash  | 50,000   |
| 17       | Bought goods for cash  | 25,000   |
| 20       | Cash received from Yesodha                                     | 10,000   |

|    |   |        |
|----|---|--------|
| 21 | Cash paid to Ramola   | 20,000 |
| 25 | Cash withdrawn from bank                                    | 50,000 |
| 29 | Paid advertisement expenses                                 | 12,500 |
| 30 | Bought office stationery for cash                           | 5,500  |
| 31 | Cash withdrawn from bank for personal use of the proprietor | 6,250  |
| 31 | Paid salaries   | 15,000 |
| 31 | Paid rent   | 2,500  |

12. a) George Co Ltd. purchased a machine on 1st January 1st 2019 for Rs.50,000. On 1st July 2019 further machinery was purchased for Rs.25,000. On 1st July 2020, the machinery purchased on 1st January 2019 having become obsolete, was sold off for Rs.20,000. Depreciation has to be charged at 20% on the original cost assuming that the accounts are closed every year on 31st December you are required to prepare:

a) Machinery A/c

b) Provision for Depreciation A/c.

**(OR)**

b) A Company whose accounting year is the calendar year, purchased on 1-1-2018 a machine for Rs.40,000. It purchased further machinery on 1st Oct 2018 for Rs. 20,000 and on 1st July 2019 for Rs.10,000. On 1-7-2020, 1/4th of the machinery installed on 1-1-2018 became obsolete and was sold for Rs.6,800. Show how the machinery account would appear in the books of the company for all the 3 years under diminishing balance method. Depreciation is to be provided at 10% p.a.

13. a) From the following Profit and Loss Account, you are required to compute cash from operations.

**Profit and Loss account for the year ending 30th June 2000**

| Particular's              | Amount | Particular's              | Amount |
|---------------------------|--------|---------------------------|--------|
| To Salaries               | 5,000  | By Gross Profit           | 25,000 |
| To Rent                   | 1,000  | By Profit on Sale of Land | 5,000  |
| To Depreciation           | 2,000  | By Income Tax refund      | 3,000  |
| To Loss on sale of plant  | 1,000  |                           |        |
| To Goodwill written off   | 4,000  |                           |        |
| To Proposed dividend      | 5,000  |                           |        |
| To Provision for taxation | 5,000  |                           |        |

|               |               |              |               |
|---------------|---------------|--------------|---------------|
| To Net Profit | 10,000        |              |               |
| <b>Total</b>  | <b>33,000</b> | <b>Total</b> | <b>33,000</b> |

(OR)

b) From the following balance sheets of B. Ltd., prepare sources and uses of funds statement for 2010.

| Particular's          | 31st December 2010 | 31st December 2009 |
|-----------------------|--------------------|--------------------|
| <b>Assets</b>         |                    |                    |
| Cash                  | 75,000             | 35,000             |
| Accounts Receivable   | 90,000             | 98,000             |
| Merchandise Inventory | 1,20,000           | 87,000             |
| Long-term Investments | 10,000             | 15,000             |
| Land                  | 30,000             | 20,000             |
| <b>Total</b>          | <b>3,25,000</b>    | <b>2,55,000</b>    |
| <b>Liabilities</b>    |                    |                    |
| Accounts Payable      | 45,000             | 50,000             |
| Bills Payable         | 55,000             | 20,000             |
| Capital Stock         | 1,50,000           | 1,25,000           |
| Retained Earnings     | 75,000             | 60,000             |
| <b>Total</b>          | <b>3,25,000</b>    | <b>2,55,000</b>    |

14. a) The following information is given for two companies.

| Particular's            | X Ltd.   | Y Ltd.   |
|-------------------------|----------|----------|
| Units produced and sold | 17,000   | 17,000   |
| Revenues                | 1,70,000 | 1,70,000 |
| Fixed costs             | 85,000   | 34,000   |
| Operating income        | 51,000   | 51,000   |

|               |        |        |
|---------------|--------|--------|
| Variable cost | 34,000 | 85,000 |
|---------------|--------|--------|

Find out the Break-Even Point of each company both in Units as well as in volume.

(OR)

b) State the merits and Demerits of Marginal Costing?

15. a) The standard material and standard cost per kg. Of material required for the production of none unit of product A is as follows:

Material - 5 Kgs.

Standard Price - Rs.5 per kg.

The actual production and related material data are as follows:

400 Units of Product A

Material used 2,200 kgs.

Price of Materials Rs. 4.50 per kg.

- Calculate
- 1) Material Cost Variance
  - 2) Material Usage Variance
  - 3) Material Price Variance

(OR)

b) From the data given below calculate the labour variances for the two departments

|                             | Dept. A  | Dept. B  |
|-----------------------------|----------|----------|
| Actual gross wages (Direct) | Rs.2,000 | Rs.1,800 |
| Standard hours produced     | 8,000    | 6,000    |
| Standard rate per hour      | 30 Paise | 35 Paise |
| Actual hours worked         | 8,200    | 5,800    |

### PART - C

ANSWER ANY THREE QUESTIONS

(3X10=30)

16. From the following Trial Balance extracted from the books of kamalanath. Prepare Trading and profit and loss A/c and Balance Sheet for the year ended 31-12-2017.

| Debit Balance     | Amount | Credit Balance         | Amount |
|-------------------|--------|------------------------|--------|
| Cash at Bank      | 2,610  | Creditors              | 4,700  |
| Book Debts        | 11,070 | Discounts              | 150    |
| Salaries          | 4,950  | Creditors for Expenses | 400    |
| Carriage outwards | 1,450  | Returns outwards       | 2,520  |
| Bad Debts         | 1,310  | Sales                  | 80,410 |

|                          |                 |              |                 |
|--------------------------|-----------------|--------------|-----------------|
| Office expenses          | 5,100           | Capital      | 40,000          |
| Purchase                 | 67,350          |              |                 |
| Return inwards           | 1,590           |              |                 |
| Furniture and Fixtures   | 1,500           |              |                 |
| Stock                    | 14,360          |              |                 |
| Insurance                | 3,300           |              |                 |
| Depreciation on Property | 1,200           |              |                 |
| Freehold Property        | 10,800          |              |                 |
| <b>Total</b>             | <b>1,28,180</b> | <b>Total</b> | <b>1,28,180</b> |

**Adjustments:**

1. Make provision for doubtful debts at 5%.
2. Calculate discount on Creditors @ 2 %
3. Office expenses include stationery purchased Rs.800.
4. Carriage inwards includes carriage paid on purchase of furniture Rs. 50.
5. Outstanding salaries Rs.150.
6. Prepaid Insurance Rs.300.
7. Stock on hand Rs.10,700 (including stationery stock Rs.200)

17. From the following particulars pertaining to assets and liabilities of a company calculate 1. Current Ratio 2. Liquid Ratio 3. Proprietary Ratio 4. Debt-Equity Ratio 5. Capital Gearing Ratio.

| Liabilities                               | Amount           | Assets              | Amount           |
|---|------------------|---------------------|------------------|
| 5,000 Equity shares of Rs.100 each        | 5,00,000         | Land and Building   | 6,00,000         |
| 2,000 8% Preference Shares of Rs.100 each | 2,00,000         | Plant and Machinery | 5,00,000         |
| 4,000 9% Debentures of Rs.100 each        | 4,00,000         | Stock               | 2,40,000         |
| Reserves                                  | 3,00,000         | Debtors             | 2,00,000         |
| Creditors                                 | 1,50,000         | Cash and Bank       | 55,000           |
| Bank overdraft                            | 50,000           | Pre-paid expenses   | 5,000            |
| <b>Total</b>                              | <b>16,00,000</b> | <b>Total</b>        | <b>16,00,000</b> |

18. Explain the difference between Cash Flow Statement and Fund Flow Statement?

19. Assuming that the cost structure and selling prices remain the same in periods I and II find out:

1. P/V Ratio

2. B.E Sales

3. Profit when sales are Rs.1,00,000

4. Sales required to earn a profit of Rs.20,000

5. Margin of safety in II nd period

| Period | Sales    | Profit |
|--------|----------|--------|
| I      | 1,20,000 | 9,000  |
| II     | 1,40,000 | 13,000 |

20. From the following particulars, prepare a cost sheet showing the different elements of cost, bringing out the figures for factory, selling and distribution and administrative overheads sequentially for the period ending 31st December 2013.

| Particular's                    | Amount | Particular's                      | Amount |
|---------------------------------|--------|-----------------------------------|--------|
| Stock of materials (1-1-2013)   | 34,300 | Motive power                      | 4,600  |
| Stock of materials (31-12-2013) | 29,400 | Haulage                           | 3,500  |
| Purchase of materials           | 65,100 | Directors fees (Work)             | 1,500  |
| Productive wages                | 45,000 | Directors fees (office )          | 3,000  |
| Direct expenses                 | 4,000  | Factory cleaning                  | 700    |
| Unproductive wages              | 12,300 | Sundry office expenses            | 250    |
| Factory rent and taxes          | 8,400  | Estimating expenses               | 750    |
| Factory lighting                | 2,800  | Factory stationary                | 400    |
| Factory insurance               | 1,500  | Office stationary                 | 1,000  |
| Office insurance                | 700    | Loose tools (Written off)         | 500    |
| Legal expenses                  | 400    | Rent and taxes (office)           | 800    |
| Rent of warehouse               | 500    | Water supply                      | 1,200  |
| Depreciation on plant           | 2,800  | Depreciation of building          | 1,500  |
| Factory heating                 | 1,800  | Depreciation of the delivery vans | 400    |
| Bad debts                       | 200    | Upkeep of delivery vans           | 600    |
| Advertisement                   | 300    | Bank charges                      | 80     |
| Sales department salaries       | 1,800  |                                   |        |
| Commission on sales             | 1,920  |                                   |        |

