

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**MSc DEGREE EXAMINATION MAY 2018**  
(Fourth Semester)

Branch – **SOFTWARE SYSTEMS**  
(Five year integrated)

**ACCOUNTING FOR MANAGERIAL DECISION**

Time: Three Hours

Maximum: 75 Marks

**SECTION -A (30 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** Marks (5 x 6 = 30)

- 1 a Explain the following Accounting concepts.  
(i) Business Entity Concept (ii) Accounting Equation Concept.

OR

- b Pass Journal entries for the following transactions.

2017	Rs.
April 1 Prakash commenced business with	3,00,000
Paid into bank	1,50,000
4 Bought goods for cash	1,00,000
5 Bought office furniture for	10,000
6 Bought goods from Charan on credit	20,000
8 Cash Sales	30,000
10 Paid to Charan Rs.19500 in full settlement of his account	
13 Withdrew form bank for office use	5,000
15 Drew for personal use from Bank	5,000

- 2 a Prepare a Trading account for the year ended 31<sup>st</sup> March 2017 from the following information.

	Rs.		Rs.
Opening Stock	52,000	Carriage inwards	5,000
Purchases	2,50,000	Closing Stock	60,000
Sales	4,00,000	Purchase returns	5,000
Wages	25,000	Sales returns	10,000

OR

- b Prepare Profit & Loss account from the following particulars for the year ended 31.3.2016.

	Rs.		Rs.
Gross Profit	10,240	Interest received	1,000
Salaries	2,000	Commission received	500
Rent	1,200	Advertisement Expenses	500
Bad debts	200		
Depreciation	300		
General Expenses	2,000		

- 3 a What are the advantages of Management Accounting?

OR

Cont...

- 3 b Calculate Debtors turnover ratio and average debt collection period from the following period:

	Rs.
Total sales for the year 2016-17	1,00,000
Cash Sales	20,000
Bills receivable as on 1.4.2016	7,500
Debtors as on 1.4.2016	16,000
Bills receivable as on 31.3.2017	12,500
Debtors as on 31.3.2017	15,000

- 4 a What are the objectives of Budgetary Control System?

OR

- b Find the profit from the following data:

Sales	Rs.1,20,000
Managerial Cost	Rs.90,000
Break even Sales	Rs.90,000

- 5 a What are the advantages of Funds flow statement?

OR

- b Calculate funds from operations from the following Profit and Loss account.

Profit and Loss Account for the year ended 31<sup>st</sup> March 2017

	Rs.		Rs.
To Salary	10,000	By Gross Profit	1,00,000
To Rent	6,000	By Profit on sale of asset	10,000
To Depreciation on Plant	10,000		
To Stationery	6,000		
To Preliminary expenses written off	4,000		
To Goodwill written off	6,000		
To Provision for Tax	8,000		
To proposed dividend	12,000		
To Net Profit	48,000		
	1,10,000		1,10,000

**SECTION -B (45 Marks)**

Answer any **THREE** questions

**ALL** questions carry **EQUAL** Marks (3 x 15 = 45)

- 6 Enter the following transactions in a Cash Book with Cash, Bank and Discount Columns.

2016	Rs.
April 1 Ram commenced business with	10,000
Remitted into bank	9,000
Paid to Kumar by cheque was allowed discount Rs.75	4,000
Cash Sales	4,000
Paid into Bank	3,000
Veeru paid into our Bank account	1,000
Issued a cheque to Venkat for Land purchased	8,000
Received from Dinesh Rs.500	
Discount allowed Rs.50	
Withdrew form Bank	200
Purchases paid by cheque	800

From the following Trial Balance, prepare Trading, Profit and Loss account for the year ended 31.3.2015 and a balance sheet as on that date.

Trial Balance as on 31.3.2017

Particulars	Rs.	Particulars	Rs.
Purchases	11,870	Capital	8,960
Debtors	7,580	Bad debts recovered	250
Return inwards	450	Creditors	1,250
Bank a/c	2,750	Returns outwards	350
Salaries	360	Bank Overdraft	1,570
Traveling Expenses	850	Sales	14,690
Cash	300	Bills Payable	1,350
Stock (1 <sup>st</sup> April 2016)	210		
Discount allowed	2,450		
Drawings	600		
Rent	1,000		
	28,420		28,420

**Adjustments:**

- (i) The Closing Stock on 31.3.2017 Rs.4,200
- (ii) Outstanding Rent Rs.200
- (iii) Write of Rs.80 as bad debts

8 From the following information calculate

- (i) Debt-equity ratio (ii) Current ratio (iii) Liquid ratio

Balance Sheet of E Ltd as on 31.3.2013

Liabilities	Rs.	Assets	Rs.
Share Capital	2,00,000	Fixed assets	3,60,000
9% Preference Share Capital	1,00,000	Stock	50,000
8% Debentures	1,00,000	Debtors	1,10,000
Profit and Loss A/c	40,000	Bills Receivable	6,000
Creditors	90,000	Bank	4,000
	5,30,000		5,30,000

9 Prepare a cash budget for the months of March to July 2015.

July 2015 Month	Sales Rs.	Purchases Rs.	Wages Rs.
March	60,000	36,000	9,000
April	62,000	38,000	8,000
May	64,000	33,000	10,000
June	58,000	39,000	8,500
July	56,000	39,000	9,500

- (i) Cash balance on 1<sup>st</sup> May 2015 Rs.8,000.
- (ii) Advance tax Rs.8,000 payable in March and June each.
- (iii) Credit allowed by suppliers is 2 months and to customer is one month.
- (iv) Lag in payment of wages is one month.

10 From the following balance sheets of Royal Ltd prepare schedule of changes in Working Capital and a funds flow statement for the year ended 31<sup>st</sup> March 2014.

Liabilities	31 <sup>st</sup> March		Assets	31 <sup>st</sup> March	
	2013	2014		2013	2014
Share Capital	70,000	74,000	Cash	9,000	7,800
Profit & Loss A/c	10,740	11,360	Debtors	14,900	17,700
Creditors	10,360	11,840	Stock	49,200	42,700
Debentures	12,000	6,000	Land	20,000	30,000
			Goodwill	10,000	5,000
	1,03,100	1,03,200		1,03,100	1,03,200

**Additional information:**

- (i) Dividends were paid Rs.4,000 (ii) Land was purchased Rs.15,000

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END