

**Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University), Coimbatore – 641 043**

**Master Degree Examination – November 2018
I Semester**

**Class : I P.G.
Major : MBA - IT Organisation Administration**

**Time: 3 hours
Max. Marks: 60**

17MBMC02 ACCOUNTING FOR IT ORGANISATIONS

Part A

10 x 1/2 = 5

Choose the correct answer

1. Distinction of assets is on the basis of:
 - a. Going concern concept
 - b. Time period concept
 - c. Business entity concept
 - d. Duality concept

2. Sales book is to record the:
 - a. The entire sales volume
 - b. The cash sales only
 - c. The credit sales only
 - d. The credit sales with the discounts.

3. Standard norm of the Debt to Capital
 - a. 1:2
 - b. 1:1
 - c. 2:1
 - d. 1:5

4. _____ is the enlisting of changes taken place between the current assets and current liabilities of two different time horizon
 - a. Working capital
 - b. Statement of changes in working capital
 - c. Fund flow statement
 - d. Funds from operations

5. Management Accounting is the tool of:
 - a. Post mortem analysis of past
 - b. Analysis of past and present
 - c. Comparison of present and past information
 - d. Analysis of past and present for future policies

6. Electricity charges incurred by the firm are:
 - a. Fixed cost
 - b. Semi-variable cost
 - c. Variable cost
 - d. Semi fixed cost

7. Which of the following factor equated to the contribution at the level of Break even point?
 - a. Fixed cost
 - b. Sales
 - c. Variable cost
 - d. Sales – Variable cost

8. _____ is the change occurred in the cost of operations due to change in the level of production.
 - a. Marginal cost
 - b. Incremental cost
 - c. Opportunity cost
 - d. Standard cost

9. _____ is the estimate prepared for definite future period in terms of financial and non-financial terms.
 - a. Cost sheet
 - b. Budget
 - c. Balance Sheet
 - d. Funds flow statement

10. _____ is an estimation of cash receipts and cash payments for specified period.
 - a. Sales budget
 - b. Master budget
 - c. Flexible budget
 - d. Cash budget

Part B**5 x 4 = 20****Answer ALL questions****Each answer should not exceed 200 words or one page**

- 11.a. List the objectives of a Trial balance.
(Or)
- 11.b. What do you understand by Double entry system?
12. a. Discuss the need for financial statement analysis.
(Or)
12. b. State the limitations of Ratio analysis.
13. a. Briefly highlight the scope of Management accounting.
(Or)
13. b. What is the basic classification of costs in general?
14. a. Examine the concept of "Cost-Volume Profit Analysis".
(Or)
14. b. In way what is Variance Analysis useful to a company management?
15. a. Outline a plan for a Sales budget.
(Or)
15. b. What is the essence of financial reporting to Management?

Part C**5 x 7 = 35****Answer ALL questions****Each answer should not exceed 600 words or three pages**

- 16.a. What is the meaning and use of Accounting? Write about the Accounting concepts and conventions in detail.
(Or)
- 16.b. From the following information extracted from the books of Gupta & Co, prepare Trading, Profit & Loss A/c for the year ended and Balance sheet as on dated.

Particulars	Debit Rs.	Credit Rs.
Purchase	90300	
Sales		137200
Return inward	2200	
Stock 1.1.98	40000	
Drawing	5000	
Building	30000	
Machinery	20000	
Furniture	8000	
Debtors	25000	
Wages	3000	
Carriage inwards	2000	
Rent and Rates	1500	
Bad Debts	1000	
Cash	3500	
Investment	10000	
Postages	2500	
Insurance	2000	
Return outwards		1300
Capital		50000
Creditors		24000
Interest		500
Commission		3250
Provision Bad Debts		750
Bank O/d		40000
Salaries	11000	
Total	257000	257000

Additional information

1. Value of the stock on 31.12.98 Rs.65,000
2. Goods worth Rs.800 for his personal use of the proprietor
3. Rs.400 of insurance paid is nothing but advance payment
4. Salary Rs.1,000 for the month of December 1998 not paid, i.e outstanding
5. Charge depreciation:
 - a. Building 2% per annum
 - b. Machinery 10% per annum
 - c. Furniture 15% per annum
6. Maintain provision for doubtful debts 5% on sundry debtors.

17.a. Balance sheet of M/s Veeran and Shah as on 1.1.2016 and 31.12.2016 were as follows:
Balance Sheet

Liabilities	1.1.2016(Rs.)	31.12.2016(Rs.)	Assets	1.1.2016(Rs.)	31.12.2016(Rs.)
Creditors	40000	44000	Cash	10000	7000
Mr.Singaram's Loan	25000		Debtors	30000	50000
Loan from P.N.Bank	40000	50000	Stock	35000	25000
Capital	125000	153000	Machinery	80000	55000
			Land	40000	50000
			Building	35000	60000
	230000	247000		230000	247000

During the year machine costing Rs.10,000 (accumulated depreciation Rs.3,000) was sold for Rs.5000. The provision for depreciation against machinery as on 1.1.2016 was Rs. 25,000 and on 31.12.2016 Rs.40,000. Net profit for the year 2016 amounted to Rs.45,000. You are required to prepare a Funds (Working Capital) Flow Statement.

(Or)

17.b. From the following information, prepare a balance sheet. Show the workings:

- | | |
|-------------------------------------|--------------|
| 1. Working capital | Rs.75,000 |
| 2. Reserves and surplus | Rs. 1,00,000 |
| 3. Bank overdraft | Rs. 60,000 |
| 4. Current ratio | 1.75 |
| 5. Liquid ratio | 1.15 |
| 6. Fixed assets to proprietors fund | 0.75 |
| 7. Long term liabilities | Nil |

18. a. Discuss the importance the Management Accounting for managerial decision making.

(Or)

18. b. The following data has been drawn from the records of Pioneer Corporation for the period from June 1 to June 30, 2005.

Cost of raw material	60000	50000
Cost of work in progress	24000	30000
Cost of finished goods	120000	110000
Transaction during the month		
Purchase of raw materials	900000	
Wages paid	460000	
Factory overheads	184000	
Administration overheads	60000	
Selling overheads	40000	
Sales	1800000	

Draft the cost sheet.

19. a. A ball pen manufacturer has developed a new ball pen with unique features. His design development executive has suggested three possible retail prices viz. Rs.15 for super star; Rs.10 for deluxe and Rs.7.50 for economy model. His marketing manager opines that the wholesalers and retailers have to be given at least 30% discount.

The estimated fixed cost would be around Rs.70,000 and variable cost per unit would be Rs.3.50. Calculate breakeven point for each model of the ball pen.

(Or)

- 19.b. The standard cost card reveals the following information:

Standard Labour Rate	: 50 paise per hour
Standard Hours required per unit	: 10 hours
Actual data are given below:	
Units produced	: 500
Standard Hours worked	: 6000
Actual Labour cost	: 2400

Calculate Labour Variances.

