17BA105 ACCOUNTING FOR MANAGEMENT

Academic Year : 2018-2019 | Programme : MBA

Year / Semester : II / III | Course Coordinator: Mrs.B.Asha Daisy, Ms.P.Vinotha

Question Bank

Course Objectives	Course Outcomes:
To acquaint the students with the fundamental principles of accounting. To enable the students to read and understand financial statements. To enhance the knowledge of students in costing, budgeting and marginal costing techniques.	Infer the financial conditions of the business and present them to the concerned stakeholders.
	Explain how to maintain accounts and based on them prepare various statements related to companies.
	Analyzing and interpretation of income statement and balance sheet.
	Apply appropriate financial analysis tool to make financial decisions.
	Apply cost accounts to make effective financial decisions while at the time of production.
	Apply budgetary control and variance analysis as a controlling technique.

PART – A (2 Mark Questions With Key)

S.No	Questions	Mark	COs	BTL
UNIT I – Financial Accounting				
1	**Define accounting** The America Institute of Certified public Accounts has defined the financial accounting as," the art of recording, classifying and summarizing in a significant manner in terms of cash transactions and events".	2	1	K1
2	**What are the objectives of accounting?** To Ascertain whether the business operations have been profitable or not. Accounting helps us to know whether a business has secured profit or loss during the accounting period.	1	1	K1
	It will give us an idea of efficiency of the business. The following steps are to be used to determine the position of the business.	1		
3	**Write any four functions of financial accounting.**		1	K1
	Book keeping function	0.5		
	Classification of information	0.5		
	Preparation of financial accounting	0.5		
	Segregating financial transactions	0.5		
4	**What are the limitations of accounting?**		1	K1
	Historical Data	0.5		
	Price fluctuation	0.5		
	Cost control	0.5		
	Evaluation of policies not possible	0.5		
5	**Define GAAP.** GAAP are a set of rules, concepts and guidelines used in the preparation of financial accounting report. These principles were involved from common science of accounts, historical precedents, regulation of government science and professional bodies. Professional bodies like the Institute of chartered Accountants of England and wales, The American Accounting Association, The American institute of certified public Accountants, The institute of chartered Accountants of india have all contributed in the development of various principles of accounting.	2	1	K1
6	**What is a journal?** In accounting and bookkeeping, a journal is a record of financial transactions in order by date. A journal is often defined as the *book of original entry*.	2	1	K1

7 **What is the double entry system?** 1 K1

The double entry system of accounting or bookkeeping means that every business transaction will involve two accounts (or more). Double entry also allows for the accounting equation (assets = liabilities + owner's equity) to always be in balance. In our example involving Advertising Expense, the accounting equation remained in balance because expenses cause owner's equity to decrease. In that example, the asset Cash decreased and the owner's capital account within owner's equity also decreased. 2

8 **What is balance sheet?** 1 K1

In simple term Balance sheet is a statement, which shows the assets and liabilities of the firm. Balance sheet presents the financial position of a firm as revealed by the accounting records. IT explains the assets owned by concern and the sources of funds used in the acquisition of those assets. 2

9 **What are current liabilities?** 1 K1

The nature of liability repayable within a year or accounting period or operating cycle of the business. 2

E.g. Creditors, Bill payable, Bank overdraft, outstanding expenses, Tax payable, etc.

10 **Define profit and loss account.** 1 K1

According to prof. Carter, "profit and loss account is an account into which all profit and losses are collected in order to determine the excess of income over the losses or vice versa. " 2

11 **What is inflation accounting?** 1 K1

According to the American Institute of Certified public Accountants(AICPA) " inflation Accounting is a system for accounting which uses to record, as built-in-mechanism, all economic events in terms of current cost". 2

12 **What is Human Resource Accounting?** 1 K1

Famous economist Alfred Marshal, the importance of human resource is defined as, "Most valuable of all capital is that which is invested in human beings". In modern business, human resource accounting discussed only from the angle of treatment of traditional accounting particularly on human resources. 2

13 **What are the objectives of HRA?** 1 K1

To furnish the information for making the decision at the investor's and manager's level. 1
To evidence the return on human investment through the results. 0.5
To report the worth of human resources to the organization and society. 0.5

14 **What is cost accounting?** 1 K1

It has been defined as the process of accounting for costs which starts with recording of income and expenditure. It concludes with the preparation of periodical statement, reports for ascertaining and controlling costs. 2

15 **What is a bad debt?** 1 K1

The term bad debts usually refer to accounts receivable (or trade accounts receivable) that will not be collected. However, bad debts can also refer to notes receivable that will not be collected. 2
The bad debts associated with accounts receivable is reported on the income statement as Bad Debts Expense or Uncollectible Accounts Expense.

UNIT II – Company Accounts

1 **Define Company**. 2 K1

Lord Justice Lindley defined a company as, "associations of many persons who contribute money or money's worth to a common stock and employ it in some common trade or business and who share the profit or loss arising there from" 2

2	**What do you mean by statutory company?**		2	K2
	Statutory Company companies are formed by the special Act passed by the Central or State legislature. The companies are not required to frame their Memorandum of Association or Articles of Association nor are they required to use the word "limited" as a part of their name. It's all functional activities are controlled, checked and reviewed by parliament.	2		
3	**Define Private Company.**		2	K1
	According to section 3(1) the company's Act,1956, a private company is one which by its Articles of Association,	1		
	Restrict the right of the members to transfer shares, if any			
	Limits the number of members to fifty excluding past or present employees members of the company	0.5		
	Prohibits any invitation to the public to subscribe for its shares or debentures.	0.5		
4	**Define Subsidiary company.**		2	K1
	The Companies Act defines; subsidiary company is a company which holds less than 50% of equity share capital.	2		
5	**What is meant by shares?**		2	K2
	Total capital of the company is divided into small unit of denomination. One of the units into which the capital of the company is divided is called a share. No trading concern canon without capital.	2		
6	**What is Prospectus?**		2	K1
	In simple term prospectus is printed message for collection of capital. When shares are issued to public for cash, it should satisfy the provisions of the Companies Act and the SEBI guidelines stated in the preceding pages. Every public issue must be accomplished by an issue of prospectus and every private placement by a statement in a lieu of prospectus.	2		
7	**What is pro-rata Allotment?**		2	K1
	It means favourable allotment i.e. the excess application money adjusted for allotment. Under such circumstances it is not possible for the company to satisfy the demands of all the applicants. It rejects some applications altogether, allot in full on some applications and makes a pro rata allotment on some other applications.	2		
8	**What is Forfeiture of shares?**		2	K1
	It means a member fails to pay any call on the day prescribed for payment the Directors may, either by the adoption of Table A or by an express provision in its Articles, proceed to forfeit the shares held by such a defaulting shareholder. When shares are forfeited the shareholder's name is removed from the regular register of member and amount already paid by him on the shares is forfeited to the company.	2		
9	**What is profit prior to incorporation?**		2	K1
	Sometimes a company acquires a running business from a date prior to its incorporation. If the company has earned any profit from the date of purchase to the date of incorporation such profit is called as profit prior to incorporation.	2		
10	**How to Ascertainment of profit or loss prior to incorporation?**		2	K2
	Profit prior to incorporation can be ascertained only when fresh stocking and balancing of accounts is done on this date.	1		
	But it will involve a great deal of inconvenience, the following steps may be taken:	1		
	Prepare the trading account			
	Calculate time ration and sales ratio.			
11	**List out the types of shares.**		2	K1
	Ordinary	0.5		
	Preference	0.5		
	Cumulative	0.5		
	Redeemable	0.5		

12	**What is a debenture?** A debenture is a medium to long-term debt format that is used by large companies to borrow money. Debentures are the most common type of long-term loans that can be taken by a company. Debentures are typically loans that are repayable on a fixed date, but some debentures are irredeemable securities (these are sometimes called perpetual bonds), which means that they do not have a fixed date of expected return of the funds.	2	2	K1
13	**What is redemption of debenture?** Redemption of debentures means the repayment of the amount of debentures to debenture holders. In other words redemption refers to discharge of an obligation arising out of the contractual obligations created on account of debenture trust deed. The redemption of debenture is made by the company in accordance with the terms and conditions of issue which are clearly stated in the debenture certificate.	2	2	K1
14	**What is mean by holding company?** A holding company is a company that owns other companies' outstanding stock. The term usually refers to a company that does not produce goods or services itself; rather, its purpose is to own shares of other companies to form a corporate group. Holding companies allow the reduction of risk for the owners and can allow the ownership and control of a number of different companies.		2	K2
15	**What is the meaning of redemption of preference shares?** A company can issue two types shares equity shares and preference shares. The issue of preference shares is one of the important sources of capital of a company. Redemption is the process of repaying an obligation at predetermined amounts and timings.	2	2	K2
UNIT III – Analysis of Financial Statements				
1	**Define ratio.** In Simple term ratio is numerical relationship between two numbers. It is expressed when one number is divided by another. Eg: If 400 are divided by 1000, the ratio can be expressed as 4 or 2:5 or 40%. Ratio is one of the important techniques used in financial statement.	2	3	K1
2	**What is cash flow statement?** 'Cash flow' includes cash inflows and outflows cash receipts and cash payments during a period. Movements of cash are of vital importance to the management. The short term liquidity and short term solvency positions of a firm are dependent on its cash flows.	2	3	K1
3	**What is comparative analysis?** Comparative statement analysis is a technique used to analyze the financial statement. This statement summarizes and presents related data for a number of years.These statements are prepared in a way so as to provide time prospective to the consideration of various elements of financial position embodied in such statements.	2	3	K1
4	**What is common size statements?** Common size statements indicate the relationship of various items with some common items. It should be denoted in percentage of common item.	2	3	K1
5	**What do you meant by funds flow statement?** The term funds refer to money or cash. International accounting standards no.7 explains "Statement of changes in financial position also recognizes the absence of single, generally accepted, definition of the terms". Accounting to the standard, the word fund refers to cash, to cash and cash equivalents, or to working capital. Of those, the last definition of the term is by far the most common definition of funds.	2	3	K2
6	**What are the ratios in accounting?** An accounting ratio compares two aspects of a financial statement, such as the relationship (or ratio) of current assets to current liabilities. The ratios can be used to evaluate the financial condition of a company, including the company's strengths and weaknesses.	2	3	K1

7	**What are the profitability ratios?**		3	K1
	Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings compared to its expenses and other relevant costs incurred during a specific period of time.	2		
8	**List out the advantages of ratio analysis.**		3	K1
	Forecasting and Planning	0.5		
	Budgeting	0.5		
	Measurement of Operating Efficiency	0.5		
	Communication	0.5		
9	**What are the advantages of common size statements?**		3	K1
	Easy to Understand	0.5		
	Helpful for Time Series Analysis	0.5		
	Comparison at a Glance	0.5		
	Helpful in analyzing Structural Composition	0.5		
10	**What are the limitations of comparative statements?**		3	K1
	Comparisons loose their purpose and significance and tend to mislead if the application of accounting principles over a period of time is not consistent.	1		
	Constant changes in price levels render accounting statements useless for comparisons.	0.5		
	Comparison between two successive accounting periods, a normal period following an abnormal period or vice- versa, will also prove to be a pointless analysis.	0.5		
11	**What is mean by financial statements?**		3	K2
	Financial statements (or financial report) is a formal record of the financial activities and position of a business, person, or other entity. A balance sheet or statement of financial position, reports on a company's assets, liabilities, and owners equity at a given point in time.	2		
12	**What are the four basic financial statements?**		3	K1
	Income statement. Presents the revenues, expenses, and profits/losses generated during the reporting period	0.5		
	Balance sheet	0.5		
	Statement of cash flows	0.5		
	Statement of retained earning	0.5		
13	**What is the Importance of a Company's Financial Statements?**		3	K1
	Financial Conditions	0.5		
	Operating Results	0.5		
	Cash Flows	0.5		
	Shareholders' Equity	0.5		
14	**What are the advantages and disadvantages of fund flow statements?**		3	K1
	Advantages o Changes in The Financial Position of the Company o Reason for Changes in the Financial Position between Two Accounting Periods o Level of Working Capital Adequacy o Company Image:	1		
	Disadvantages o Lacks Originality o Based on Historical Data: o Goes Hand In Hand with Cash Flow Statement o Cannot be used on Standalone Basis o Static	1		
15	**List out the importance and advantages of cash flow statement.** **Importance**		3	K1
	Helps to make Cash Forecast	0.5		
	Helps the Internal Management	0.5		
	Reveals the Cash Position	0.5		
	Reveals the result of Cash Planning	0.5		

UNIT IV – Cost Accounting

1	**Define cost.**		4	K1
	According to I.C.M.A., defines, "*cost is actual expenditure incurred on a given thing and notional expenditure attributable to a given thing*".	2		

2	**Define cost accounting.**		4	K1
	It is the method of accounting for cost. The process of recording and accounting for all the elements of cost is called cost accounting.	2		
3	**What is Job order costing?**		4	K1
	In modern business world, customer relationship management (CRM) is one of the vital important phenomena, which is concerned with not only special attention towards customers, but also with ways and means of retaining the customers base forever and combat one's competitors. The main objective of any business is Customers satisfaction, which will certainly build customers loyalty as a major determinant of the firm's success.	2		
4	**What is job order cost system?**		4	K1
	It is a system developed only for attaining the cost control and performance through the available source of cost information of the specific jobs.	2		
5	**What is the meaning of process costing?**		4	K2
	According to I.C.M.A. London, "Process costing is that form of operation costing, where standardized good are produced".			
6	**Define the term Activity based costing.**		4	K1
	Activity Based Costing is defined as, "it is a technique which involve identification of cost with each cost-driving activity and making it the basis for apportionment of costs over different cost objects and services"	2		
7	**Define Target costing.**		4	K1
	Target costing is a pricing method used by firms. It is defined as "a cost management tool for reducing overall cost of a product over its entire life-cycle with the help of production, engineering, research and design". A target cost is maximum amount of cost that can be incurred on a product and with it the firm can still earn the required profit margin from the product at a particular selling price.	2		
8	**Define Marginal costing.**		4	K1
	I.C.M.A. defines, "the ascertainment of marginal costs and the effect on profit of changes in volume or type of output by differentiating between fixed costs and variable costs".	2		
9	**What is break-even point?**		4	K1
	A business is said to be break even when its total sales is equal to total costs. It is points of no profit no loss. At this point, contribution is equals to fixed cost. Total fixed expenses BEP= - $\frac{\text{Marginal cost per unit.}}{\text{Selling price per units}}$	2		
10	**What are the types of cost?**		4	K1
	Types of costs in cost accounting are direct, indirect, fixed, variable and operating costs. A direct cost is related to producing a good or service. A direct cost is the material, labor, expense or distribution cost associated with producing a product. A fixed cost is also associated with cost accounting.	2		
11	**What are the advantages of job order costing?**		4	K1
	Assigning Costs	0.5		
	Record Keeping	0.5		
	Reporting	0.5		
	Unit Cost Calculation	0.5		
12	**List out the advantages of process costing system.**		4	K1
	Cost Containment	1		
	Inventory Control	0.5		
	Uniformity	0.5		
13	**What are the Advantages & Disadvantages of Process Costing?**		4	K1
	Easy to Use	0.5		
	Flexible	0.5		
	Cost Errors	0.5		
	Equivalent Units	0.5		
14	**What is the methodology of activity based costing?**			
	Methodology of ABC focuses on cost allocation in operational management.	1	4	K1
	ABC helps to segregate Fixed cost Variable cost Overhead cost			
	The split of cost helps to identify cost drivers, if achieved. Direct labour and materials are relatively easy to trace directly to products, but it is more difficult to directly allocate	1		

	indirect costs to products. Where products use common resources differently, some sort of weighting is needed in the cost allocation process. The **cost driver** is a factor that creates or drives the cost of the activity.			
15	**What is joint and by product costing?** A joint cost is a cost that benefits more than one product, while a by-product is a product that is a minor result of a production process and which has minor sales. Joint costing or by-product costing are used when a business has a production process from which final products are split off during a later stage of production. The point at which the business can determine the final product is called the *split-off point*.	2	4	K1

UNIT V – Marginal Costing

1	**Define budget.** According to Gordon and Shilling law budget may be defined as, "a predetermined detailed plan of action developed and distributed as a guide to current operations and as a partial basis for subsequent evaluation of performance".	2	5	K1
2	**What is budgetary control?** I.C.M.A. defines budgetary control as, "the establishment of budgets relating to the responsibilities of executives to the requirements of the policy, and the continuous comparison of actual with budgeted results, either to secure by individual action the objective of that policy or to provide a basis for its revision".	2	5	K1
3	**What is sales budget?** Sales budget is an estimate of anticipation of sales in the near feature prepared by a responsible person for the sale of a product by considering the various factors of influence. Sales budget is usually prepared in terms of quantity and value.	2	5	K1
4	**What is production budget?** The preparation of production budget is mainly dependent on sales budget. The production budget is a statement of goods, stating how much should be produced. It may be in term of quantities, Kg's in monetary terms and so on.	2	5	K1
5	**What is fixed budget?** This budget is drawn for one level of activity and one set of conditions. It has been defined as a budget which is designed to ***remain unchanged*** irrespective of the volume of output.	1	5	K1
	It is rigid budget and is drawn on the assumptions that there will be no change in the budgeted level of activity. It does not take into consideration any change in expenditure arising out of changes in the level of activity.	1		
6	**What is flexible budget?** CIMA, "a flexible budget as a budget which, by recognizing the difference in attitude between fixed and variable costs in relation to fluctuations in output".	2	5	K1
7	**What is Analysis of variance?** Control is a essential part of management. Through control management ensure that performance of the organization conforms to its plans and objectives. Analysis of variance is helpful in controlling the performance and achieving the profits have been planned.	2	5	K1
8	**What is Overhead variance?** Overhead cost can be defined as the difference between the standard cost of overhead allowed for the actual output achieved and the actual overheads cost incurred. In simple words, overhead cost variance is under or over absorption of overheads.	2	5	K1
9	**Define standard costing.** Eric L. Kohler has defined standard cost, "standard cost is a forecast or pre-determination of what actual cost should be under projected conditions, serving as a cost control and as a measure of production efficiency or standard of comparison when ultimately aligned against actual cost. It is furnished a medium by which the effectiveness of current results can be measured and the responsibility for deviation can be placed".	2	5	K1
10	**What is marginal costing?** Marginal cost is the cost of one additional unit of output. The concept is used to determine the optimum production quantity for a company, where it costs the least amount to produce additional units. If a company operates within this "sweet spot," it can maximize its profits. The concept is also used to determine product pricing when customers request the lowest possible price for certain orders.	2	5	K1

11	**What is cost volume profit analysis?**		5	K1
	Cost-volume-**profit** (CVP) **analysis** is used to determine how changes in **costs** and volume affect a company's operating income and net income. In performing this **analysis**, there are several assumptions made, including: Sales price per unit is constant. Variable **costs** per unit are constant. Total fixed **costs** are constant.	2		
12	**What is the break even point formula?**		5	K1
	The break-even point formula is calculated by dividing the total **fixed** costs of production by the price per unit less the **variable** costs to produce the product.	2		
13	**What are the advantages of fixed budget?**		5	K1
	Measure Profits	0.5		
	Measure Performance	0.5		
	Keeping Costs Down	0.5		
	Changes within the Limits of the Budget	0.5		
14	**Why is cost accounting so important?**		5	K2
	The importance of cost accounting from the information gathered, managers can make decisions on where to cut costs to improve the company's profitability. Cost accounting doesn't follow any specific standards, such as the GAAP (Generally Accepted Accounting Principles), as it is not used for external purposes.	2		
15	**What is the difference between financial accounting and management accounting?**		5	K2
	Financial accounting has its focus on the financial statements which are distributed to stockholders, lenders, financial analysts, and others outside of the company. Managerial accounting has its focus on providing information within the company so that its management can operate the company more effectively.	2		

PART – B (12 Mark Questions with Key)

S.No	Questions	Mark	COs
UNIT I – Financial Accounting			
1	**Briefly explain about the accounting principles, conventions and concepts.**	12	
	GAAP are a set of rules, concepts and guidelines used in the preparation of financial accounting reports. These principles were involved from common experience of accounts, historical precedents, regulation of government agencies and professional bodies.	2	1
	Accounting convention	4	
	Accounting concepts	4	
2	**Journalize the following transaction** **Dec 1 2016 Ajith started business with cash Rs.40,000** **Dec 3 2016 He paid into the bank Rs. 2,000** **Dec 5 2016 He purchased goods for cash Rs.15,000** **Dec 8 2016 He sold goods for cash Rs.6,000** **Dec 10 2016 He purchased furniture and paid by cheque Rs.5,000** **Dec12 2016 He sold goods to Aravind Rs.4,000** **Dec 14 2016 He purchased goods from Arun Rs 10,000** **Dec 15 2016 He returned goods to Arun Rs. 5,000** **Dec 16 2016 He received from Aravind Rs.3,940 in full settlement** **Dec 18 2016 He withdraw goods for personal use Rs.1,000** **Dec 20 2016 He withdraw cash from business for personal use Rs. 2,000** **Dec 24 2016 He paid telephone charges Rs. 1,000** **Dec 26 2016 Cash paid to Arun in full settlement Rs.4,900** **Dec 31 2016 Paid for stationary Rs.200, rent Rs.500, salary to staff Rs.2,000**	12	1

Solution:

Journal

Date	Particulars		Debit	credit
2016	Cash a/c	Dr	40,000	
Dec 1	To capital a/c			40,000
Dec 3	Bank a/c	Dr	2,000	
	To cash a/c			2,000
Dec 5	Purchases a/c	Dr	15,000	
	To cash a/c			15,000
Dec 8	Cash a/c	Dr	6,000	
	To Sales a/c			6,000
Dec 10	Furniture a/c	Dr	5,000	
	To bank a/c			5,000
	(Being furniture purchased by cheque)			
Dec12	Aravind a/c	Dr	4,000	
	To sales a/c			4,000
	(Being goods sold to Aravind)			
Dec 14	Purchase a/c	Dr	10,0000	
	To Arun a/c			10,000
	(Being goods purchased from Arun)			
Dec 15	Arun a/c	Dr	5,000	
	To Purchase return a/c			5,000
Dec 16	Cash a/c	Dr	3,940	
	Discount a/c	Dr	60	
	To Aravind a/c			4,000
	(Being cash received from Aravind)			
Dec 18	Drawings a/c	Dr	1,000	
	To purchases a/c			1,000
	(Being goods withdrawn for personal use)			
Dec 20	Drawings a/c	Dr	2,000	
	To cash a/c			2,000
	(Being cash withdrawn from business)			
Dec 24	Telephone expenses a/c	Dr	1,000	
	To cash a/c			1,000
	(Being telephone charges paid)			
Dec 26	Arun a/c	Dr	5,000	
	To cash a/c			4,900
	To discount a/c			100
Dec 31	Stationary expenses a/c	Dr	2,00	
	Rent a/c	Dr	5,00	
	Salaries a/c	Dr	2,000	
	To cash a/c			2,700

12

3 **Journalize the following transaction, post them in the ledger and balance the account on 31st Jan 2015** 12 1

- **(i) Ram started business with a capital of Rs. 10,000**
- **(ii) He purchased goods from Mohan on credit Rs.2,000**
- **(iii) He paid cash to Mohan Rs.1,000**
- **(iv) He sold goods to Suresh Rs. 2,000**
- **(v) He received cash from Suresh Rs.3,000**
- **(vi) He further purchased goods from Mohan Rs.2,000**
- **(vii) He paid cash to Mohan Rs.1,000**
- **(viii) He further sold goods to Suresh Rs.2,000**
- **(ix) He received cash from Suresh Rs.1,000**

Solution: 5

Journal

Particulars		Debit	Credit
Cash a/c	Dr	10,000	
To Capital a/c			10,000
(Being Ram started the business)			
Purchases a/c	Dr	2,000	
To Mohan a/c			2,000
(Being goods purchased)			
Mohan a/c	Dr	1,000	
To cash a/c			1,000
(Being cash paid to Mohan)			
Suresh a/c	Dr	2,000	
To sales a/c			2,000
(Being goods sold to Suresh)			
Cash a/c	Dr	3,000	
To Suresh a/c			3,000
(Being cash received from Suresh)			
Purchases a/c	Dr	2,000	
To Mohan a/c			2,000
(Being goods purchased)			
Mohan a/c	Dr	1,000	
To cash a/c			1,000
(Being cash paid to Mohan)			
Suresh a/c	Dr	2,000	
To sales a/c			2,000
(Being goods sold)			
Cash a/c	Dr	1,000	
To Suresh a/c			1,000
(Being cash received)			

Ledger: 5

Cash A/c

Particulars	Amount	Particulars	Amount
To capital a/c	10,000	By Mohan a/c	1,000
To Suresh a/c	3,000	By Mohan a/c	1,000
To Suresh a/c	1,000	By balance c/d	12,000
	14,000		14,000
To balance b/d	12,000		

Capital A/c

Particulars	Amount	Particulars	Amount
To balance c/d	10,000	By cash a/c	10,000
	10,000		10,000
		By balance b/d	10,000

Purchases A/c

Particulars	Amount	Particulars	Amount
To Mohan a/c	2,000	By balance c/d	4,000
To Mohan a/c	2,000		
	4,000		4,000
To balance b/d	4,000		

Mohan A/c

Particulars	Amount	Particulars	Amount
To cash	1,000	By purchases	2,000
To cash	1,000	By purchases	2,000
To balance c/d	2,000		
	4,000		4,000
		By balance b/d	2,000

Sales A/c

Particulars	Amount	Particulars	Amount
To balance c/d	4,000	By Suresh	2,000
		By Suresh	2,000
			4,000
		By balance b/d	4,000

Trail balance 2

Particulars	Debit (Rs)	Credit (Rs)
Cash a/c	12,000	-
Capital a/c		10,000
Purchase a/c	4,000	-
Mohan a/c	-	2,000
Sales a/c	-	4,000
	16,000	**16,000**

4 **Prepare trading and P&L account for the year ended 31.03.2014 and balance sheet as at the date from the following trail balance of K.Rama Roa** 12 1

Debit balance	Rs	Credit balance	Rs
Drawings	45,000	Capital	1,60,000
Goodwill	80,000	Bills payable	33,800
Land & Building	60,000	Creditors	70,000
Plant & Machinery	40,000	Purchase return	2,650
Loose tools	3,000	Sales	4,18,000
Bills receivables	3,000		
Stock on 01.04.2013	40,000		
Purchases	2,51,000		
Wages	20,000		
Carriage outwards	500		
Carriage inwards	1,000		
Coal	5,800		
Salaries	35,000		
Rent, rates & taxes	2,800		
Discount	1,500		
Cash at bank	25,000		
Cash in hand	400		
Sundry debtors	45,000		
Repairs	1,800		
Printing & stationary	500		
Bad debts	1,200		
Advertisement	3,500		
Sales returns	2,000		
Furniture	11,200		
General expenses	5,250		

Adjustments:

- **Closing stock on 31.3.2014 was Rs.35,000**
- **Depreciate plant & machinery, tools & furniture by 10% and land & building by 5%**
- **Provide Rs.1,500 for wages**
- **Advertisement prepaid are Rs. 500**
- **Provide 5% on debtors against bad and 2% against discount.**

7

Solution:

Trading and P&L A/ of K.Rama Rao for the year ended 31.03.2014

Dr Cr

Particulars	**Rs**	**Rs**	**Particulars**	**Rs**	**Rs**
To opening stock		40,000	By sales	4,18,000	
To purchase	2,51,000		(-) sales return	2,000	4,16,000
(-) Purchase return	2,650	2,48,350	By closing stock		35,000
To wages	20,000				
(+) outstanding wages	1,500	21,500			
To carriage inwards		1,000			
To coal		5,800			
To Gross profit c/d		**1,34,350**			
		4,51,000			**4,51,000**
To carriage outward		500	By Gross profit b/d		1,34,350
To salaries		35,000			
To rent, rate & taxes		2,800			
To discount		1,500			
To repairs		1,800			
To printing & stationary		500			
To bad debts		1,200			
To advertisement	3,500				
(-) prepaid	500	3,000			
To general expenses		5,250			
To provision for bad debts		2,250			
To discount on debtors		855			
To depreciation: Plant & machinery Loose tools Furniture Land & building	 4,000 300 1,200 3,000	 8,420			
To Net profit		**71,275**			
		1,34,350			**1,34,350**

Balance Sheet of K.Rama Rao as on 31.3.2014 5

Liabilities	**Rs**	**Rs**	**Assets**	**Rs**	**Rs**
Capital	1,60,000		Goodwill		80,000
(-) drawings	45,000		Land & building	60,000	
	1,15,000		(-) Depreciation	3,000	57,000
(+) Net profit	71275	1,86,275	Plant & Machinery	40,000	
Bills payable		83,800	(-) Depreciation	4,000	36,000
Sundry creditors		70,000	Loose tools	3,000	
Outstanding wages		1,500	(-) Depreciation	300	2,700
			Furniture	11,200	
			(-) Depreciation	1,120	10,080
			Sundry debtors	45,000	
			(-) provision for bad debts	2,250	
				42,750	
			(-) Discount	855	41,895
			Cash in hand		400

			Cash at bank		25,000
			Bills receivables		3,000
			Prepaid advertisement		500
			Closing stock		35,000
		2,91,575			**2,91,575**

5 **From the following Leger balance of Mr.Dinesh prepare trading, P&L a/c and balance sheet after making necessary adjustments** 12 1

Trial Balance

Particulars	**Rs**
Dinesh capital	**8,00,000**
Dinesh drawing	**60,000**
Plant & Machinery(1.4.2007)	**2,00,000**
Plant & Machinery(1.7.2007)	**50,000**
Stock on 1.4.2007	**1,00,000**
Purchases	**8,20,000**
Carriage in	**20,000**
Sundry expenses	**8,000**
Printing, stationery & postage	**12,000**
Rent, Rates & taxes	**40,000**
Bad debts	**5,000**
Sundry creditors	**95,000**
Sales	**12,00,000**
Purchase returns	**10,000**
Provision for bad and doubtful debts	**8,000**
Commission received	**16,000**
Sundry debtors	**52,000**
Insurance	**10,000**
Salaries	**2,10,000**
Cash in hand	**62,000**
Cash at bank	**2,55,000**
Furniture & fixtures	**2,00,000**
Carriage out	**25,000**

Adjustment:

(i) **Closing stock on 31.03.2008 was valued at Rs. 1,40,000**
(ii) **Create provision for bad & doubtful debts at the rate of 5% of sundry debtors**
(iii) **Provide depreciation on furniture & fixtures at 10% and plant & Machinery for at 20% per annum**
(iv) **Insurance paid in advance is Rs.1,000**
(v) **Commission received in arrears is Rs.5,000**
(vi) **Salaries payable are Rs. 15,000**

Solution: 7

Trading and P& L A/c for Mr. Dinesh on 31.03.2008

Dr Cr

Particulars	Rs	Rs	Particulars	Rs	Rs
To opening stock		1,00,000	By sales		12,00,000
To purchase	8,20,000		By closing stock		1,40,000
(-) Purchase return	10,000	8,10,000			
To Carriage in		20,000			
To Gross profit c/d		**4,10,000**			
		13,40,000			**13,40,000**
To carriage out		25,000	By Gross profit b/d		4,10,000
To salaries	2,10,000		By commission received	16,000	
(+) salaries payable	15,000	2,25,000	(+) O/s commission	5,000	21,000
To rent, rate & taxes		40,000	By provision for bad & doubtful debts		8,000
To insurance	10,000				
(-) Prepaid insurance	1,000	9,000			
To printing, stationery & postage		12,000			
To Depreciation on Plant & Machinery		40,000			
To Depreciation on Plant & Machinery		10,000			
To Sundry expenses		8,000			
To bad debts		5,000			
To Provision for doubtful debts		2,600			
To depreciation on fixtures & furniture		20,000			
To Net profit c/d		**42,400**			
		4,39,000			**4,39,000**

Balance sheet of Dinesh as on 31.03.2008 5

Liabilities	Rs	Rs	Assets	Rs	Rs
capital	8,00,000		Plant & Machinery	2,00,000	
(-) drawings	60,000		(-) Depreciation	40,000	1,60,000
	7,40,000		Plant & Machinery	50,000	
(+) Net profit	42,400	7,82,400	(-) Depreciation	10,000	40,000
Sundry creditors		95,000	Furniture & fixtures	2,00,000	
O/s salaries		15,000	(-) Depreciation	20,000	
			Sundry debtors	52,000	
			(-) provision for bad debts	2,600	49,400
			Cash in hand		62,000
			Cash at bank		2,55,000
			Prepaid insurance		1,000
			Closing stock		1,40,000
			O/s commission		5,000
		8,92,400			**8,92,400**

6 Explain Human Resource Accounting in detail 12 1

Rapid industrialization the needs of HRA increase World wide. Countries like Korea, Germany, Japan, which has been destroyed during the war required to stand in their own legs, non-accepting any support from other countries 2

Assumptions of HRA 2

Objectives of HRA 2

Method of Valuation 2

Advantages 2

Limitations 2

UNIT II – Company Accounts

1 A **company Limited was incorporated on May 1st 2014 to take over the business of X and company as a going concern from Jan 1st 2014. The P&L account for year ending 31.12.2014 were as follows:**

Particulars	**Rs**	**Particulars**	**Rs**
Rent & taxes	**12,000**	**Gross profit**	**1,55,000**
Insurance	**3,000**		
Electricity charges	**2,400**		
Salaries	**36,000**		
Directors fees	**3,000**		
Auditor fees	**1,600**		
Commission	**6,000**		
Advertisement	**4,000**		
Discount	**3,500**		
Office expenses	**7,500**		
Carriage	**3,000**		
Bank charges	**1,500**		
Preliminary expenses	**6,500**		
Bad debts	**2,000**		
Interest on loan	**3,000**		
Net profit	**60,000**		
Total	**1,55,000**		**1,55,000**

12 2

The total turnover ratio for the year 31.12.2014 was Rs.5, 00,000 divided into 1, 50,000 for the period up to May 1st 2014 and Rs.3, 50,000 for the remaining period. Ascertain the profit earned prior the incorporation of the company.

Solution:

Time ratio = Pre incorporation period: Post incorporation period
= (01.01.2014 to 01.05.2014) : (01.05.2014 to 31.12.2014)
= 4:8
= 1:2 4

Sales ratio = Pre incorporation sales: Post incorporation sales
=1, 50,000 : 3, 50,000
= 3:7

Particulars	**Basis**	**Total**	**Pre incorporation**	**Post incorporation**
Gross Profit (A)	3:7	1,55,000	46,500	1,08,500
Expenses:				
Rent & taxes	1:2	12,000	4,000	8,000
Insurance	1:2	3,000	1,000	2,000
Electricity	1:2	2,400	800	1,600
Salaries	1:2	36,000	12,000	24,000
Directors fees	Actual	3,000	-	3,000
Auditor fees	1:2	1600	533	1,067
Commission	3:7	6,000	1,800	4,200
Advertisement	3:7	4,000	1,200	2,800
Discount	3:7	3,500	1,050	2,450
Office expenses	1:2	7,500	2,500	5,000
Carriage	3:7	3,000	900	2,100
Bank charges	1:2	1,500	500	1,000
Preliminary expenses	Actual	6,500	-	6,500
Bad debts	3:7	2,000	600	1,400
Interest on loan	1:2	3,000	1,000	2,000
Total Expenses (B)			**27,883**	**67117**
Net profit (A)-(B)			**18617**	**41383**

8

2 **X Ltd was incorporated on 01.07.2007 to take over the Y limited company as going concern. From 01.01.2007 P&L for the year ended 31.12.2007 as follows:** 12 2

Particulars	**Rs**	**Particulars**	**Rs**
Rent & taxes	**24,000**	**Gross profit**	**3,10,000**
Insurance	**6,000**		
Electricity	**4,800**		
Salaries	**72,000**		
Directors fees	**6,000**		
Auditors fees	**2,200**		
Commission	**12,000**		
Advertisement	**8,000**		
Discount	**7,000**		
Office expenses	**15,000**		
Carriage	**6,000**		
Bank charges	**3,000**		
Preliminary expenses	**13,000**		
Bad debts	**4,000**		
Interest on loan	**6,000**		
Net profit	**1,21,000**		
Total	**3,10,000**		**3,10,000**

The sales for the year ending 31.12.2007 was Rs.20,00,000 divided into 6,00,000 for the period up to 31.06.2007 & Rs. 14,00,000 for the remaining period. Determine the profit prior to incorporation.

Solution: 4

Time ratio = Pre incorporation period: Post incorporation period
= (01.01.2007 to 01.07.2007) : (01.07.2007 to 31.12.2007)
= 6:6
= 1:1

Sales ratio = Pre incorporation sale: Post incorporation sale
= 6,00,000 : 14,00,000
=3:7

8

Particulars	Basis	Total	Pre incorporation	Post incorporation
Gross profit (A)	3:7	3,10,000	93,000	2,17,000
Expenses:				
Rent & taxes	1:1	24,000	12,000	12,000
Insurance	1:1	6,000	3,000	3,000
Electricity	1:1	4,800	2,400	2,400
Salaries	1:1	72,000	36,000	36,000
Director fees	Actual	6,000	-	6,000
Auditor fees	1:1	2,200	1,100	1,100
Commission	3:7	12,000	3,600	8,400
Advertisement	3:7	8,000	2,400	5,600
Discount	3:7	7,000	2,100	4,900
Office expenses	1:1	15,000	7,500	7,500
Carriage	3:7	6,000	1,800	4,200
Bank charges	1:1	3,000	1,500	1,500
Preliminary expenses	Actual	13,000	-	13,000
Bad debts	3:7	4,000	1,200	2,800
Interest on loan	1:1	6,000	3,000	3,000
Total expenses			**77,600**	**1,11,400**
Net profit (A)-(B)			**15,400**	**1,05,600**

3 **Draw the format of Profit & Loss Appropriation Account and Balance Sheet of Company Accounts.** 12 2
Solution: 6

Profit and Loss Appropriation Account:

Dr **Cr**

Particulars	Rs	Particulars	Rs
To dividend paid	xxxx	By balance b/d	xxxx
To prepaid dividend	xxxx	By P&L a/c	xxxx
To reserve	xxxx		
To fund	xxxx		
To final dividend	xxxx		
To balance c/d	xxxx	By balance c/d	xxxx
Total	xxxx		xxxx

Balance Sheet 6

Liabilities	Rs	Assets	Rs
Share capital	xxxx	Fixed Assets	xxxx
Issued, called up, paid up	xxxx	Current assets, Loans & advances	xxxx
<u>Reserve and fund:</u>		Miscellaneous expenses	xxxx
General reserve	xxxx		
P&L a/c	xxxx		
Secured Loans:			
Unsecured loans	xxxx		
Current liabilities & provision	xxxx		
	xxxx		xxxx

12 2

4 **Following are the balances of Rajan & company as on 31.03.2015**

Debit balance	Rs	Credit balance	Rs
Premises	30,72,000	Share capital	40,00,000
Plant	33,00,000	12% debentures	30,00,000
Stock	7,50,000	P&L a/c	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash at bank	4,06,500	Sales	41,50,000
Calls in arrear	75,000	General reserve	2,50,000
Interim dividend paid	3,92,500	Bad debts provision on 01.04.2014	35,000
Purchases	18,50,000		
Preliminary expense	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debenture Interest paid	1,80,000		

Additional information:

- **Depreciation plant by 15%**
- **Write off Rs.5000 from preliminary expenses**
- **Half year debenture interest due**
- **Create 5% provision on debtors for doubtful debts**
- **Provide income tax at 50%**
- **Closing stock Rs. 9,50,000**
- **Prepare final accounts of a company.**

Solution: 2

Trading A/c

Dr Cr

Particulars	Rs	Particulars	Rs
To opening stock	7,50,000	By sales	41,50,000
To Purchase	18,50,000	By closing stock	9,50,000
To Wages	9,79,800		
To Gross profit	15,20,200		
	51,00,000		51,00,000

Profit & Loss Account 4

Dr Cr

Particulars	Rs	Rs	Particulars	Rs	Rs
To salaries		2,02,250	By Gross profit		15,20,200
To general expenses		68,350			
To preliminary expenses		5,000			
To bad debts	21,100				
(+) New provision	43,500				
	64,600				
(-) Old provision	35,000	29,600			
To debenture interest paid	1,80,000				
(+) o/s debentures	1,80,000	3,60,000			
Depreciation on plant		4,95,000			
To income tax		1,80,000			
To Net profit		1,80,000			
		15,20,200			15,20,200

2

P&L Appropriation A/c

Dr Cr

Particulars	Rs	Particulars	Rs
To interim dividend paid	3,92,500	By balance b/d	2,62,500
To balance c/d	50,000	By Net profit	1,80,000
	4,42,500		4,42,500

Balance sheet

4

Liabilities	Rs	Rs	Assets	Rs	Rs
Share capital: Authorized share capital (-) Calls in arrear	40,00,000 75,000	39,25,000	Fixed Asset: Plant (-)depreciation Goodwill Premises	33,00,000 4,95,000	28,05,000 2,50,000 30,72,000
Reserve & fund: General Reserve P&L A/c		2,50,000 50,000	Current Assets loan & Advance: Cash at Bank Debtors (-) Provisions Preliminary expenses (-) Write off preliminary expenses	8,70,000 43,500 50,000 5,000	4,06,500 8,26,500 45,000
Secured Loan: 12% debentures (+) o/s debentures	30,00,000 1,80,000	31,80,000	Closing stock		9,50,000
Current Liabilities: Creditors Bills payable Provision for income tax		4,00,000 3,70,000 1,80,000			
		83,55,000			83,55,000

5 **A Limited Company issued 25,000 Ordinary Shares of Rs. 25 each payable Rs. 5 on application, Rs. 10 on allotment and Rs. 5 each on subsequent calls, 20,000 shares were fully- subscribed and moneys duly received. You are required to give journal entries, Cash Book and Balance Sheet of the company.** 12 2

Solution :

Particulars	Rs	Rs
Ordinary share Application A/c Dr To Ordinary share capital A/c (Being the amount received on 20,000 shares of Rs.25 each, Rs.5 per share transferred to ordinary share capital Account)	1,00,000	1,00,000
Ordinary share Allotment A/c Dr To Ordinary share capital A/c (Being the amount due on allotment on 20,000 ordinary shares of Rs. 25 each, at Rs.10 per share)	2,00,000	2,00,000
Ordinary share First call A/c Dr To Ordinary share capital A/c (Being the amount due on First call A/c on 20,000 shares of Rs.25 each, at Rs. 5 per share)	1,00,000	1,00,000
Ordinary Share Second and First Call A/c Dr To Ordinary share capital A/c (Being the amount due on 20,000 shares of Rs.25 each, at Rs.5 per share)	1,00,000	1,00,000

4

2

Ordinary Share Application Account

Dr **Cr**

Particulars	Rs	Particulars	Rs
To ordinary share capital A/c	1,00,000	By Bank A/c	1,00,000

Dr **Cr**

Ordinary share allotment Account

Particulars	Rs	Particulars	Rs
To ordinary share capital A/c	2,00,000	By Bank A/c	2,00,000

Dr **Ordinary Share First Call Account** **Cr**

Particulars	Rs	Particulars	Rs
To ordinary share capital A/c	1,00,000	By Bank A/c	1,00,000

Dr **Ordinary Share second & Final call Account** **Cr**

Particulars	Rs	Particulars	Rs
To ordinary share capital A/c	1,00,000	By Bank A/c	1,00,000

Cash Book (Bank Column) **2**

Dr **Cr**

Particulars	Rs	Particulars	Rs
To Share Application A/c (20,000 x Rs.5)	1,00,000	By Balance c/d	5,00,000
To Share Allotment A/c (20,000 x Rs.10)	2,00,000		
To Share First Call A/c (20,000 x Rs.5)	1,00,000		
To Share Second & Final Call A/c (20,000 x Rs.5)	1,00,000		
	5,00,000		5,00,000
To Balance b/d	5,00,000		

Ordinary Share Capital A/c **2**

Dr **Cr**

Particulars	Rs	Particulars	Rs
To balance c/d	5,00,000	By Ordinary Share Application A/c	1,00,000
		By Ordinary Share Allotment A/c	2,00,000
		By Ordinary Share First Call A/c	1,00,000
		By Ordinary Share Second and Final Call A/c	1,00,000
	5,00,000		5,00,000
		By Balance b/d	5,00,000

Balance sheet of A Ltd Company 2

Liabilities	Rs	Assets	Rs
Issued, Subscribed and paid up: 20,000 ordinary shares of Rs. 25 each, fully called up and paid up	5,00,000	Bank	5,00,000
	5,00,000		5,00,000

6 **TV Components Ltd., issued 10,000, 12% debentures of Rs 100 each at a discount of 5% payable as follows:** 12 2

On application Rs 40

On allotment Rs 55

Show the journal entries including those for cash, assuming that all the installments were duly collected. Also show the relevant portion of the balance sheet.

Solution:
4

Books of TV Components Ltd.
Journal

Particulars	Debit Amount	Credit Amount
Bank A/c Dr. 4,00,000 Dr To 12% Debenture Application A/c 4,00,000 (Receipt of application money @ Rs 30 per debenture)	4,00,000	 4,00,000
12% Debenture Application A/c Dr. To 12% Debenture A/c (Transfer of application money to debenture account)	4,00,000	 4,00,000
12% Debenture Allotment A/c Dr. Discount on Issue of Debentures A/c To 12% Debenture A/c (Allotment money due on debentures)	5,50,000 50,000	6,00,000
Bank A/c Dr. To 12% Debenture Allotment A/c (Receipt of allotment money on debentures)	5,50,000	 5,50,000

TV Components Limited
Balance Sheet 4

Particulars	Note No	Amount (Rs)
I. Equity and Liabilities 1. Non-current Liabilities Long-term borrowings	 1	 10,00,000
II. Assets 1. Non-current assets Other non-current assets 2. Current assets a) Cash and cash equivalents b) Other current assets	 2 3 4	 45,000 9,50,000 5,000
		10,00,000

Notes to Accounts 4

Particulars	Amount (Rs)
1. Long-term borrowings 10,000, 12% secured debentures of Rs 100 each	10,00,000
2. Other non-current assets Discount on issue of debentures	45,000
3. Cash and cash equivalents Cash at bank	9,50,000
4. Other current assets Discount on issue of debentures (To be written-off within 12 months of the balance sheet date or the period of operating cycle)	5,000

Notes:
1 It is presumed that debentures are redeemable after 10 years.
*Relevant data only.

UNIT III – Analysis of Financial Statements

1 **From the below information calculate the solvency ratio**

Balance Sheet 12 3

Liabilities	Rs	Assets	Rs
Share capital	1,00,000	Plant & Machinery	1,00,000
Reserve	50,000	Land & building	1,00,000
12% Debenture	1,00,000	Furniture	5,000
Creditors	50,000	Debtors	50,000
Bills payable	10,000	Cash	30,000
O/s expenses	20,000	Stock	40,000
		Loose tools	5,000
	3,30,000		**3,30,000**

Solution:

Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

$= \frac{50,000+30,000+40,000}{50,000+10,000+20,000}$ 3

$= \frac{1,20,000}{80,000}$

=1.5:1

Liquid ratio = $\frac{\text{Liquid asset}}{\text{Current liabilities}}$

Liquid asset = $\frac{\text{Current assets-stock}}{\text{Current liabilities}}$

$= \frac{1,20,000-40,000}{80,000}$ 3

$= \frac{80,000}{80,000}$

=1:1

Debt equity ratio = $\frac{\text{Long term debt}}{\text{Shareholders fund}}$

$= \frac{1,00,000}{1,00,000+50,000}$

$=\frac{1,00,000}{1,50,000}$ 3

=2:3

=1:1.5

Proprietary ratio = $\frac{\text{Shareholders fund}}{\text{Total assets tangible}}$

$= \frac{1,50,000}{3,30,000}$ 3

= 5:11

2 **Calculate current asset, current liabilities, liquid asset, stock from the following information** 3

Current ratio = 2.8 12

Acid test ratio = 1.5

Working capital = 1,62,000

Solution:

Current ratio = $\frac{\text{Current asset}}{\text{Current liabilities}}$

Current ratio = 2.8 or $\frac{2.8}{1}$ 3

$\frac{\text{Current asset}}{\text{Current liabilities}} = \frac{2.8}{1}$

Working capital = Current Assets- Current liabilities
= 2.8 – 1
= 1.8

Current assets = 1,62,000 x $\frac{2.8}{1.8}$ 3
= 2,52,000

Current Liabilities = 1,62,000 x $\frac{1}{1.8}$
= 90,000

Liquid ratio = $\frac{\text{Liquid assets}}{\text{Current Liabilities}}$

1.5 = $\frac{\text{Liquid assets}}{90,000}$

Liquid assets = 1.5 x 90,000
= 1,35,000

Stock : 6

Liquid ratio = $\frac{\text{Liquid assets}}{\text{Current Liabilities}}$

Liquid assets = Current assets – stock
1,35,000 = 2,52,000- Stock
Stock = 2,52,000-1,35,000
Stock = 1,17,000

3 **Following are the balance sheet of Vino ltd as on 31.12.2009 and 31.12.2010**

particulars	**2009(Rs)**	**2010(Rs)**	
Liability			
Redeemable preference share	-	10,000	
Equity share	40,000	40,000	
P &L Account	1,000	1,200	
General reserve	2,000	2,000	
Debentures	6,000	7,000	3
Current liabilities			
Creditors	12,000	11,000	
Provision for tax	3,000	4,200	
Proposed dividend	5,000	5,800	
Bank O/d	12,500	6,800	12
	81,500	**88,000**	
Assets			
Fixed assets	**41,000**	**40,000**	
(-) Depreciation	**11,000**	**15,000**	
	30,000	**25,000**	
Current Assets			
Debtors	**20,000**	**24,000**	
Stock	**30,000**	**35,000**	
Prepaid expenses	**300**	**500**	
Cash	**1,200**	**3,500**	
	81,500	**88,000**	

You are required to prepare
A statement showing changes in working capital
A statement of sources and application of funds

Solution :

Schedule of changes in working capital

Particulars	Previous year 2009	Current year 2010	Increase	Decrease
Current assets				
Debtors	20,000	24,000	4000	--
Stock	30,000	35,000	5000	-
Prepaid expenses	300	500	200	--
Cash	1,200	3,500	2,300	--
Total current assets (A)	**51,500**	**63,000**		
Current liabilities:				
Creditors	12,000	11,000	1,000	
Bank OD	12,500	6,800	5,700	
Total current Liabilities (B)	**24,500**	**17,800**		
Working capital (A) – (B)	**27,000**	**45,200**		
Net increase in working capital	18,200			18,200
	45,200	**45,200**	**18,200**	**18,200**

4

Provision for tax

Particulars	Rs	Particulars	Rs
To tax paid	3,000	By balance b/d	3,000
		By adjusted P&L Ac	4,200
To Balance c/d	4,200		
	7,200		**7,200**

2

Proposed Dividend

Particulars	Rs	Particulars	Rs
To proposed dividend paid	5,000	By Balance b/d	5,000
		By Adjusted P&L Ac	5,800
To Balance c/d	5,800		
	10,800		**10,800**

Adjusted P&L Account

Particulars	Rs	Particulars	Rs
To depreciation	4,000	By balance b/d	1,000
To provision for tax	4,200	By fund from operation c/d	14,200
To proposed dividend	5,800		
To balance c/d	1,200		
	15,200		**15,200**

6

Fund flow statement

Sources	Rs	Application	Rs
Issue of redeemable preference share	10,000	Dividend paid	5,000
Debenture	1,000	Tax paid	3,000
Sales of fixed asset	1,000	Net increase in working capital	18,200
Fund from operation	14,200		
	26,200		**26,200**

4 **From the following balance sheet as on 31.12.1993 and 31.12.1992. Prepare a cash flow statement** 12 3

Liabilities	1992	1993	Assets	1992	1993
Share capital	**1,00,000**	**1,50,000**	**Fixed assets**	**1,00,000**	**1,50,000**
Profit & loss ac	**50,000**	**80,000**	**Goodwill**	**50,000**	**40,000**
General reserve	**30,000**	**40,000**	**Stock**	**30,000**	**80,000**
6% Debenture	**50,000**	**60,000**	**Debtors**	**50,000**	**80,000**
Creditors	**30,000**	**40,000**	**Bills receivable**	**30,000**	**20,000**
Outstanding Expenses	**10,000**	**15,000**	**Bank**	**10,000**	**15,000**
Total	**3,85,000**	**2,70,000**		**3,85,000**	**2,75,000**

Solution:
Adjusted P&L Account 2

Particulars	Rs	Particulars	Rs
To transfer to general reserve(40,000-30,000)	10,000	By Balance b/d	50,000
To Goodwill written off(50,000-40,000)	10,000	By Fund from operation	50,000
To Balance c/d	80,000		
	1,00,000		**1,00,000**

Statement of cash from operation 5

Particulars	Rs	Rs
Funds from operation		50,000
Add : increasing current liabilities		
Creditors(40,000-30,000)	10,000	
Outstanding expenses(15,000-10,000)	5,000	
Decrease in current asset :		
Bills receivable(30,000-20,000)	10,000	25,000
		75,000
Less: increase in current Asset		
Stock (80,000-30,000)	50,000	
Debtors (80,000-50,000)	30,000	80,000
Outflow of cash from operation		-5,000

Cash flow statement for the year 1993

Particulars	Rs	Rs
Opening balance at bank		10,000
Add: source of cash		
Issue of share (1,50,000-1,00,000)	50,000	
Issue of debenture(60,000-50,000)	10,000	
Total sources		60,000
Total cash available		70,000
Less : Application of cash:		
Outflow of cash on account of operations	5,000	
Purchase of fixed assets(1,50,000-1,00,000)	50,000	
Total applications		55,000
Closing balance at bank		**15,000**

5

5 **From the following statement of Profit & Loss of Air India Ltd, prepare Comparative Statement of Profit and Loss for the year ended 31-03-2013 and 31-03-2014.**

Particulars	31-03-2013	31-03-2014
I)Revenue from Operation	**20,00,000**	**30,00,000**
II)Other Incomes	**4,00,000**	**4,50,000**
III)Total Revenue (I+II)	**24,00,000**	**34,50,000**
IV)Expenses:		
Cost of Raw materials consumed	**6,00,000**	**8,00,000**
Purchase of Stock in trade	**2,00,000**	**4,00,000**
Employees benefits expenses	**1,00,000**	**1,20,000**
Finance cost	**80,000**	**1,00,000**
Depreciation	**50,000**	**60,000**
Total Expenses:-	**10,30,000**	**14,80,000**
V) Profit before Tax(III-IV)	**13,70,000**	**19,70,000**
VI) (-) Taxes	**40,000**	**50,000**
VII) Profit after Tax	**13,30,000**	**19,20,000**

12 3

Solution:

Comparative Statement of Profit & Loss of Air India Ltd for the year ended 31-03-2013 and 31-03-2014 12

Particulars	**31-03-2013**	**31-03-2014**	**Absolute change (Increase/ Decrease)**	**Percentage (Increase/ Decrease**
i] Revenue from operation	20,00,000	30,00,000	10,00,000	50.00
ii] Other Incomes	4,00,000	4,50,000	50,000	12.50
iii]Total Revenue [i+ ii]	24,00,000	34,50,000	10,50,000	43.75
iv]Expenses				
a) Cost of Materials Consume	6,00,000	8,00,000	2,00,000	33.33
b) Purchases of Stock in Trade	2,00,000	4,00,000	2,00,000	100.00
c) Employees Benefits Exp	1,00,000	1,20,000	20,000	20.00
d) Finance Costs	80,000	1,00,000	20,000	25.00
e) Depreciation	50,000	60,000	10,000	20.00
Total Expenses	10,30,000	14,80,000	4,50,000	43.69
v] Profit before Tax [iii- iv]	13,70,000	19,70,000	6,00,000	43.80
vi] Tax [-]	40,000	50,000	10,000	25.00
vi] Profit after tax [v - vi]	13,30,000	19,20,000	5,90,000	44.36

6 **The following is the statement of Profit & Loss account of Escorts Co. Ltd for the year ending31st March 2009.** 3

Particulars	**Amount**
(I)Sales	**20,00,000**
(II)Other Income	**30,000**
(III)Total revenue	**20,30,000**
(IV)Expenses: **(a)Cost of Material Consumed** **(b)Purchase of Stock-in-Trade** **(c)Changes in inventories of finished goods, work-in-progress and stock-in-trade** **(d)Employees benefit Expenses** **(e)Finance Cost** **(f)Depreciation** **(g)Other Expenses** **Total Expenses**	 **-** **12,00,000** **-** **(2,00,000)** **2,50,000** **85,000** **3,75,000** **17,10,000**
(V)Profit & Loss Before Tax (III-IV)	**3,20,000**
(VI)Provision for Tax	**(1,05,000)**
(VII)Profit & Loss after Tax (V-VI)	**2,15,000**

12

Prepare Common-size Statement of Profit & Loss for the year ending 31st March 2009.
Note: Fractions if any should be rounded off to the second digit after decimal point.

Solution:

Books of Escorts Ltd

Common-size Statement of Profit & Loss for the year ending 31st March 2009.

Particulars	**Absolute figures at the end of 2009**	**Percentage to revenue from operations**
(I)Revenue from Operation (Sales)	20,00,000	100.00%
(II)Other Income	30,000	1.50%
(III)Total Revenue	20,30,000	101.50%
(IV)Expenses: (a)Cost of Material Consumed (b)Purchase of Stock-in-Trade (c)Changes in inventories of finished goods, work- in-progress and stock-in-trade (d)Employees benefit Expenses (e)Finance Cost (f)Depreciation & Amortization exp (g)Other Expenses	 - 12,00,000 (2,00,000) 2,50,000 85,000 - 3,75,000	 - 60.00% (10.00%) 12.50% 4.25% - 18.75%
Total Expenses	17,10,000	85.50%
(V)Profit before Tax (III-IV)	3,20,000	16.00%
(VI)Provision for Tax	(1,05,000)	(5.25%)
(VII)Profit after Tax (V-VI)	2,15,000	10.75%

12

UNIT IV – Cost Accounting

1 **From the records of job No.1234, the selling price has been calculated on the following basis** 4

Particulars	**Rs**
Material	**24.16**
Direct wages 22 hrs @50 paisa per hr	**11.00**
Department : A-10 Hrs **B – 4 Hrs** **C – 8 Hrs**	
	35.16
Add: 33.33% prime cost	**11.72**
	46.88

An analysis of the previous year P&L A/c shows the following 12

Particulars	**Rs**
Material used	**1,55,000**
Direct wages: **A** **B** **C**	 **10,000** **12,000** **8,000**
Factory overheads: **A** **B** **C**	 **5,000** **8,000** **2,000**
Selling price	**60,000**

You are required to prepare:
Job cost sheet
Calculate & record the revised costs using the previous year's figures as a basis
Add to the job cost 10% for profit & give the final selling price.
Solution:
Working notes

Direct wage = $\frac{\text{Total wages}}{\text{Wage rate per hour}}$

A = $\frac{10,000}{0.5}$ = 20,000

B = $\frac{12,000}{0.5}$ = 24,000

C = $\frac{8,000}{0.5}$ = 16,000 3

Overhead rate = $\frac{\text{Overheads}}{\text{Labour hours}}$

A = $\frac{5000}{20,000}$ = 0.25

B = $\frac{8,000}{24,000}$ = 0.33

C = $\frac{2,000}{16,000}$ = 0.125

(a) Job cost sheet 2

Particulars	Departments		
	A	B	C
Factory overheads	5,000	8,000	2,000
Direct wages	20,000 Hrs	24,000 Hrs	16,000 Hrs
Overhead rate per hr	0.25	0.33	0.125

(b) Computation of revised cost

$$= \frac{\text{Selling overheads} \times 100}{\text{Factory cost}}$$

$$= \frac{60,000 \times 100}{2,00,000}$$

$$= 33\%$$

Job cost sheet for job No.1234

2

Particulars	Rs	Rs
Materials		24.16
Direct wages: Dept A 11/22 Hrs x 10 Hrs Dept B 11/22 Hrs x 4 Hrs Dept C 11/22 Hrs x 8 Hrs	 5 2 4	 11
Prime cost		**35.16**
Factory overheads: Dept A 10 Hrs x 0.25 Dept B 4 Hrs x 0.33 Dept C 8 Hrs x 0.125	 2.5 1.32 1	 4.82
Factory cost		**39.98**
Selling cost 30% on Factory cost		11.99
Cost of sales		**51.97**
Profit 10% on total cost		5.197
Selling price		**57.167**

5

2 **A product passes through three different processes to competition. These processes are named X,Y & Z respectively. At the end of Dec, 2005, the output of process is 10,000 units. The following information is extracted.**

Particulars	Process -X	Process-Y	Process-Z
Direct material	**60,000**	**30,000**	**20,000**
Direct labour	**50,000**	**40,000**	**50,000**
Direct expenses	**10,000**	**2,000**	**10,000**

12 4

The overhead expenses for the period were Rs.28,000. This should be apportioned to processes on the basis of wages.

No work in progress or process stocks existed at the beginning or at the end of the month. Prepare process accounts.

Solution:

Overhead Apportionment:

Overheads = 1,50,000/1,40,000 x 28,000 = 10,000
= 40,000/1,40,000 x 28,000 = 8,000
= 50,000/1,40,000 x 28,000 = 10,000

Process X

Particulars	Cost per unit Rs	Rs	Particulars	Cost per unit Rs	Rs
To direct materials	6	60,000	By transfer to process - Y	13	1,30,000
To direct labour	5	50,000			
To direct expenses	1	10,000			
To overhead expenses	1	10,000			
	13	**1,30,000**		**13**	**1,30,000**

4

4

Process Y

Particulars	Cost per unit Rs	Rs	Particulars	Cost per unit Rs	Rs
To transfer from process X	13	1,30,000	By transfer to process Z	21	2,10,000
To direct materials	3	30,000			
To direct labour	4	30,000			
To direct expenses	0.2	2,000			
To overhead expenses	0.8	8,000			
	21	**2,10,000**		**21**	**2,10,000**

Process Z

Particulars	Cost per unit Rs	Rs	Particulars	Cost per unit Rs	Rs
To transfer from process Y	21	2,10,000	By finished goods	30	3,00,000
To direct materials	2	20,000			
To direct labour	5	50,000			
To direct expenses	1	10,000			
To overhead expenses	1	10,000			
	30	**3,00,000**		**30**	**3,00,000**

4

3 **Explain the classification of cost.** 12 4

ICMA has defined cost accounting as the process of accounting for cost from the point at which expenditure is incurred to the establishment of its ultimate relationship with cost centers and cost units. 2

Classification of cost:
According to the nature of cost 2
According to relevant to decision making 2
According to controllability 2
According to function 2
According to normality 2

4 **Explain briefly the about the activity based costing**. 12 4

Activity-based costing (ABC) is a methodology for more precisely allocating overhead to those items that actually use it. The system can be used for the targeted reduction of overhead costs. ABC works best in complex environments, where there are many machines and products, and tangled processes that are not easy to sort out. Conversely, it is of less use in a streamlined environment where production processes are abbreviated. 2

Uses of Activity Based Costing
The fundamental advantage of using an ABC system is to more precisely determine how overhead is used. Once you have an ABC system, you can obtain better information about the following issues:

- ✓ Activity costs
- ✓ Customer profitability
- ✓ Distribution cost
- ✓ Make or buy
- ✓ Margins
- ✓ Minimum price
- ✓ Production facility cost

10

5 **Describe the allocation of joint cost and price formulation for Joint products and By-products.** 12 4

A joint cost is a cost that benefits more than one product, while a by-product is a product that is a minor result of a production process and which has minor sales.
Joint costing or by-product costing are used when a business has a production process from which final products are split off during a later stage of production. The point at which the business can determine the final product is called the *split-off point*. There may even be several split-off points; at each one, another product can be clearly identified, and is physically split away from the production process, possibly to be further refined into a finished product. If the company has incurred any manufacturing costs prior to the split-off point, it must designate a method for allocating these costs to the final products. If the entity incurs any costs after the split-off point, the costs are likely associated with a specific product, and so can be more readily assigned to them. 4

Allocation of Joint Costs

- ✓ Allocate based on sales value. 4
- ✓ Allocate based on gross margin.

Price Formulation for Joint Products and By-Products

The costs allocated to joint products and by-products should have no bearing on the pricing of these products, since the costs have no relationship to the value of the items sold. Prior to the split-off point, all costs incurred are sunk costs, and as such have no bearing on any future decisions – such as the price of a product. 4

- ✓ Short-term pricing
- ✓ Long-term pricing

6 **Explain the process of target costing.** 12 4

Target costing is a system under which a company plans in advance for the price points, product costs, and margins that it wants to achieve for a new product. If it cannot manufacture a product at these planned levels, then it cancels the design project entirely. With target costing, a management team has a powerful tool for continually monitoring products from the moment they enter the design phase and onward throughout their product life cycles. It is considered one of the most important tools for achieving consistent profitability in a manufacturing environment. 4

The primary steps in the target costing process are:

- ✓ Conduct research
- ✓ Calculate maximum cost.
- ✓ Engineer the product. 8
- ✓ Ongoing activities.
- ✓ Tied to components.
- ✓ Tied to features

UNIT V – Marginal Costing

1 **From the following information find the amount of profit earned using marginal costing techniques**
Fixed cost = 5,00,000
Variable cost =10/unit 12 5
Selling cost = 15/unit
Output level = 15,000 units

Solution:

Statement of marginal costing:

Sales (15,000 x 15)	= 22,50,000
(-) Variable cost (10x1,50,000)	= 15,00,000
	7,50,000
(-) Fixed cost	5,00,000
Profit	2,50,000

6

Contribution = Sales – Variable cost
= 15-10
=5

P/V ratio = Contribution/sales x 100
= 5/15 x 100
= 33.33%

6

2 **Calculate P/V ratio & Break even point from the following Particulars** 5
Sales – Rs. 5,00,000
Fixed cost – Rs.1,00,000 12
Profit – Rs.1,50,000

Solution:

Statement of Marginal costing

Sales	5,00,000
(-) Variable cost	2,50,000
Contribution	2,50,000
(-) Fixed cost	1,00,000
Profit	1,50,000

6

P/V ratio = Contribution/Sales x 100
= 2,50,000/5,00,000 x 100
= 50%

Break Even point = $\frac{\text{Fixed cost}}{\text{P/V ratio}}$ 6
= 1,00,000/50 x100
= 2,00,000

3 **A limited manufactures Product X and Y during January 1988 it expects to sell 10,000 Kg of X and 40,000 Kg of Y at Rs.20 and Rs. 10.** 12 5
Direct materials P,Q and S are mixed in equal proportion to product X, Material Q, R and S are mixed in the ratio of 3:5:0 to product Y.
There is no loss on weight in production. Actual & budgeted stock quantity and cost for month are as follows

Particulars	**Opening stock**	**Closing stock**	**Anticipated cost**
Material P	**3,000**	**2,000**	**5.5 per Kg**
Material Q	**2,000**	**4,000**	**5 per Kg**
Material R	**20,000**	**6,000**	**1 per Kg**
Material S	**10,000**	**12,000**	**3.5 per Kg**
Material X	**2,000**	**1,000**	**-**
Material Y	**10,000**	**12,000**	**-**

You are required to prepare the production budget and material purchased budget

Solution:

Particulars	**X**	**Y**
Sales	10,000	40,000
(+) Closing stock	1,000	12,000
	11,000	**52,000**
(-) Opening stock	2,000	10,000
Units to be produced	**9,000**	**42,000**

2

Material purchased budget for product X
Units to be produced 9,000

Particulars	**P**	**Q**	**S**
No.of units required	3,000	3,000	3,000
(+) Closing stock	2,000	4,000	12,000
	5,000	**7,000**	**15,000**
(-) Opening stock	3,000	2,000	1,000
Units to be produced (A)	**2,000**	**5,000**	**5,000**
Anticipated cost (Kg) (B)	5.5	5	3.5
Cost of product (A) x (B)	**11,000**	**25,000**	**17,500**

5

Total cost of product X = 11,000 + 25,000 + 17,500
= 53,500

Material purchased budget for product Y
Units to be produced 42,000

Particulars	**Q**	**R**	**S**
No.of units required	12,600	21,000	8,400
(+) Closing stock	4,000	6,000	12,000
	16,600	**27,000**	**20,400**
(-) Opening stock	2,000	20,000	10,000
Units to be produced (A)	**14,600**	**7,000**	**10,400**
Anticipated cost (Kg) (B)	5	1	3.5
Cost of product (A) x (B)	**73,000**	**7,000**	**36,400**

5

Total cost of Product Y = 73,000 + 7,000 + 36,400
=1,16,400

4 **Prepare flexible budget for overhead on the basis of following data. Ascertain the overhead rates at 50% and 70% capacity.**

<u>Variable overhead</u> at 60% capacity
Indirect material 6,000
Indirect Labour 18,000
<u>Semi variable overhead</u>
Electricity (40% fixed & 60% variable) 30,000
Repairs (80% fixed & 20% variable) 3,000 12
<u>Fixed Overhead</u> 5
Depreciation 16,500
Insurance 4,500
Salaries 15,000
Total overhead 93,000
Estimate the direct labour for 50% and 70% capacity. Using the 60% capacity of 1,86,000 direct labour hours

Solution:

Overhead rate = Total overhead/capacity of direct labour hours

Flexible budget:

Flexible budget for	**50%**	**60%**	**70%**
<u>Variable overhead:</u>			
Indirect material (6,000/60 x 50)	5,000	6,000	7,000
Indirect labour (18,000/60 x 50)	15,000	18,000	21,000
<u>Semi variable overhead</u>			
Electricity (30,000 x 40/100) (18,000 /60 x 50)	12,000 15,000	12,000 18,000	12,000 21,000
Repairs (80% fixed) (3,000 x 80/100) (600/20 x 50)	 2,400 1,500	 2,400 1,800	 2,400 2,100
<u>Fixed overhead</u> Depreciation	 16,500	 16,500	 16,500
Insurance	4,500	4,500	4,500
Salaries	15,000	15,000	15,000
Total overhead	89,900	94,200	1,01,500
Direct labour (1,86,000/60 x 50/60)	1,55,000	1,86,000	2,17,000
Overhead rate	0.56	0.51	0.47

12

5 **You are required to find out the various labour variances from the following data:**
Standard hours per unit = 20Hours 5
Standard rate per unit = Rs.5 12
Actual production = 1000 units
Actual time taken = 20,400 Hours
Actual rate paid = Rs.4.80

Labour cost Variance = (Standard Hrs for actual output x standard rate) – (Actual Hrs x Actual rate)

Standard Hrs for actual output = 20 Hrs x 1,000 units = 20,000 Hours
Labour cost Variance (LCV) = (2,000 Hrs x Rs. 5 per unit) – (20,400 Hrs x Rs.4.80) 3
= Rs.1,00,000 – Rs.97,920
= Rs.2,080 (favourable)

Labour Rate Variance = Actual Hours (Standard Rate – Actual Rate)
= 20,400 Hours (Rs.5 – Rs.4.80)
= Rs.4,080 (favourable) 3

Labour efficiency Variance = Standard rate (Standard Hours for actual output – Actual Hours
= Rs.5(20,000 Hrs – 20,400 Hrs) 3
= Rs.2,000(Adverse)

3

Verification:

Labour cost Variance = Labour rate variance + Labour efficiency Variance

Rs.2,080 (favourable) = Rs.4,080 (favourable) + Rs.2,000 (Adverse)

Rs.2,080 (favourable) = Rs.2,080 (favourable)

6 **From the following information relating to quick standards Ltd, you are required to find out**
PV Ratio
Break even point
Margin of safety
Calculate the volume of sales to earn profit of rs.6,000 12 5
Total fixed costs Rs.4,500
Total variable costs Rs.7,500
Total sales Rs. 15,000

Solution

The first step is to find out the volume of contribution

Sales	Rs.15,000
Variable cost	Rs.7, 500
Contribution	Rs 7,500
Fixed cost	Rs.4, 500
Profit	Rs.3, 000

3

The second step is to determine the PV ratio

$$\text{PV ratio} = \frac{\text{Contribution}}{\text{Sales}} \times 100 = \frac{7{,}500}{15{,}000} \times 100 = 50\,\%$$

The third step is to find out break even sales 3

$$\text{Break even sales} = \frac{\text{Fixed cost}}{\text{PV Ratio}} = \frac{4{,}500}{50\%} = 9{,}000$$

Margin of safety can be found out in two ways

Margin of safety = Actual sales-Break even sales

=Rs.15,000- 9,000= 6,000/-

$$\text{Margin of safety} = \frac{\text{Profit}}{\text{PV ratio}} = \frac{3{,}000}{50\%}$$ 3

Sales required to earn profit= Rs.6,000

To determine the sales volume to earn desired level of profit

$$= \frac{\text{fixed cost+ desired profit}}{\text{PV Ratio}}$$

$$= \frac{\text{Rs.4, 500 + Rs.6, 000}}{50\%}$$ 3

= Rs.21,000

PART – C (20 Mark Questions with Key)

S.No **Questions** **Mark** **C**

UNIT I – Financial Accounting

1 **From the following information drawn from the books of M/s Sundharam & Co. Prepare trading, Profit & loss account for the year ended 31st march, 2004 and balance sheet as on date.** 20

Particulars	Debit (Rs)	Credit (Rs)
Sundharam's capital		1,81,000
Sundharam's drawings	36,000	
Plant and machinery balance on 1st april 2003	1,20,000	
Plant & Machinery additions on 1st October,2003	25,000	
Stock opening	95,000	
Purchases	7,82,000	
Return Inwards	12,000	

Sundry Debtors	**20,600**	
Furniture & Fixture	**15,000**	
Freight duty	**2,000**	
Rent rate & Taxes	**24,600**	
Printing stationery	**3,800**	
Trade Expenses	**5,400**	
Sundry creditors		**40,000**
Sales		**9,80,000**
Return outwards		**3,000**
Postage & telegram	**800**	
Provision for bad debts		**400**
Discounts		**1,800**
Rent of the premises sub let for the year up to 30th September 2004		**7,200**
Insurance Charges	**2,700**	
Salaries & Wages	**31,300**	
Cash in Hand	**6,200**	
Cash at bank	**30,500**	
Carriage outwards	**500**	
Total	**12,13,400**	**12,13,400**

Additional information
Stock on 31st march,2004 Rs.94,600
Write off Rs.600 as bad debts
Provision for doubtful debts 5% on debtors
Create a provision for discount on debtors & reserve for creditors 2%
Provide a depreciation on furniture and fixture at 5%
Plant and Machinery depreciation 20%
Insurance unexpired Rs.100
A fire occurred on 25th march 2004 in the godown and stock of the value of Rs.5,000 was destroyed, which was the insurance company admitted the claim fully which is yet to be paid.
Solution: 10

M /s Sundharam Trading account for the year ended 2003-2004

Particulars	**Rs.**	**Rs.**	**Particulars**	**Rs.**	**Rs.**
To opening stock		95,000	By sales	9,80,0000	
To Purchases	7,82,000		(-) Sales Return	12,000	
(-) returns	3000				9,68,000
		7,79,000	Goods destroyed by fire		5,000
Freight duty		2,000	Closing stock		94,600
To Gross profit c/d		1,91,000			
		10,67,600			**10,67,600**
To carriage inwards		500	By gross profit B/d		1,91,000
To rent , rate and taxes		24,600	By discount		1,800
To painting & stationery		3,800	By rent of sublet	7,200	
Trade expenses		5,400	(-)advance receipt rent of sublet for 6 months:7,200/12 months=Rs.600p.m For 6 months	3,600	
Postage and telegrams		800			3,600
Insurance charge	2,700		By 2% reserve on sundry creditors		800
(-) unexpired	100				
		2,600			
Salaries and wages		31,300			
Depreciation furniture					

and fixture @5% on Rs.15,000					
Plant & Machinery 1st april 2003 @20% on Rs.1,20,000(12 months)	24,000				
Plant and Machinery 1st oct 2003 @ 20% on Rs.25,000(6 months)	2,500				
		26,500			
To bad debts write off		600			
To new provision	1,000				
(-) old provision	400				
To provision be created		600			
To discount on debtors 2%		380			
To net profit/d		**99,970**			
		1,97,800			**1,97,800**

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Balance sheet as on date31st march, 2004

Liabilities	**Rs.**	**Rs.**	**Assets**	**Rs.**	**Rs.**
Capital	1,81,000		Furniture & Fixture	15,000	
(+) Net profit	99,970		Depreciation @5%	750	
(-)drawings	36,000				14,250
		2,44,970	Plant machinery	1,20,000	
Sundry creditors	40,000		Depreciation 20%	24,000	
(-)2% reserve	800				96,000
		39,200	Plant Machinery	25,000	
Pre received rental income		3,600	Depreciation @ 20 % for 6 months	2,500	
					22,500
			Closing stock		94,600
			Insurance unexpired		100
			Sundry debtors		18,620
			Goods fire - Insurance		5,000
			Cash at Bank		30,500
			Cash in hand		6,200
		2,87,770			**2,87,770**

2 **From the following information extracted from the books of Jain & co, Trading Profit & Loss A/c for the year ended and Balance Sheet as on date.**

20

Particulars	**Debit (Rs)**	**Credit (Rs)**
Purchase	**90,300**	
Sales		**1,37,200**
Return inward	**2,200**	
Stock 1.1.96	**40,000**	
Drawing	**5,000**	
Building	**30,000**	
Machinery	**20,000**	
Furniture	**8,000**	
Debtors	**25,000**	
Wages	**3,000**	
Carriage inwards	**2,000**	
Rent & rates	**1,500**	
Bad debts	**1,000**	
Cash	**3,500**	
Investment	**10,000**	
Postages	**2,500**	
Insurance	**2,000**	

Return outwards		**1,300**
Capital		**50,000**
Creditors		**24,000**
Interest		**500**
Commission		**3,250**
Provision for bad debts		**750**
Bank O/d		**40,000**
Salaries	**11,000**	
	2,57,000	**2,57,000**

Additional information

1. **Value of the stock 31.12.1996 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 1996 not paid**
5. **Charge depreciation**

a) **Building 2% per annum**
b) **Machinery 10% per annum**
c) **Furniture 15 % per annum.**
d) **Maintain provision for doubtful debts 5% on sundry debtors.**

Solution : 10

Trading and profit & loss account for the year ended 1997-96

Particulars	**Rs.**	**Rs.**	**Particulars**	**Rs.**	**Rs.**
To opening stock		40,000	By sales	1,37,200	
To purchases	90,300		(-) Return inward	2,200	
(-) purchase Return	1,300				1,35,000
(-) goods taken by proprietor	800		By closing stock		65,000
To net purchases		88,200			
To wages		3,000			
To carriage inward		2,000			
To gross profit c/d (balancing figure)		**66,800**			
		2,00,000			**2,00,000**
To Rent & rates		1,500	By Gross profit B/d		66,800
To Bad debts		1,000	By Commission		3,250
To Postages		2,500	By Interest		500
To Insurance	2,000				
(-) prepaid	400				
		1,600			
To Salaries	11,000				
(+)o/s of salary	1,000				
		12,000			
To new provision 5 % on sundry debtors-25,000	1,250				
(-) old provision	750				
		500			
To Depreciation					
Building 2 %	600				
Machinery 10%	2,000				
Furniture 15%	1,200	3,800			
To net profit c/d (Balancing figure)		**47,650**			
		70,550			**70,500**

Balance sheet as on 31st December 1996 10

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	50,000		Building	30,000	
(+) net profit transferred from P&L Account	47,650		(-) Depreciation 2%	600	
(-) Drawings Cash + goods Rs.5,000+ Rs.800	5,800				29,400
		91,850	Machinery	20,000	
Bank o/d		40,000	(-)Depreciation 10 %	2,000	
Creditors		24,000			18,000
Salary O/s		1,000	Furniture	8,000	
			(-)Depreciation 15 %	1,200	
					6,800
			Debtors	25,000	
			(-) provision	1,250	
					23,750
			Investment		10,000
			Closing stock		65,000
			Prepaid insurance		400
			Cash in Hand		3,500
		1,56,850			**1,56,850**

UNIT II – Company Accounts

1 **The following are the balances of automobile company limited as on 31.12.2010**

Particulars	**Rs**	**Particulars**	**Rs**	
Stock on 01.01.2010	**2,41,500**	**Share capital: 3000, 6% cumulative preference share Rs.100 each**	**3,00,000**	
Delivery expenses	**1,02,000**	**3000 equity share of Rs.75 (called up)**	**2,25,000**	
General expenses	**21,000**	**General reserve**	**82,725**	
Bills receivables	**6,000**	**P&L a/c**	**58,500**	
Investment(6000 shares of Rs.10 each)	**60,000**	**Sales**	**9,18,600**	
Preference dividend for half year up to 30.06.2010	**9,000**	**5% debentures**	**2,10,000**	
Bank balance	**97,500**	**Trade creditors**	**1,25,520**	
Goodwill	**1,00,000**	**Provision for tax**	**8,800**	20 2
Debtors	**1,67,500**			
Freehold property	**3,90,000**			
Salary	**1,03,500**			
Rent & taxes	**38,250**			
Furniture	**75,000**			
Purchases	**4,76,500**			
Cash in hand	**12,145**			
Fright & Carriage inwards	**3,750**			
Debenture interest for half year	**5,250**			
Final dividend	**20,250**			
	19,29,145		**19,29,145**	

Prepare final accounts of a company after taking the following
Adjustments:
Closing stock Rs.2,15,000
Depreciation 2.5% on free hold properties of 6% furniture.
Bills receivables for Rs.2,500 maturing after 31.12.2010 has been discounted with bank.

Directors proposed to pay 2nd half year divided on cumulative preference share.
10% dividend on equity shares is proposed
Provide 5% for doubtful debts on debtors.
Solution:
Trading A/c

Dr **Cr**

Particulars	Rs	Particulars	Rs
To opening stock	2,41,500	By sales	9,18,600
To purchases	4,76,500	By closing stock	2,15,000
To freight & carriage inwards	3,750		
To Gross profit	4,11,850		
	11,33,600		11,33,600

Profit and Loss A/c

Dr **Cr**

Particulars	Rs	Rs	Particulars	Rs	Rs
To general expenses		21,000	By Gross profit		4,11,850
To delivery		1,02,000			
To salary		1,03,500			
To rent & taxes		38,250			
To provision for doubtful debts		8,375			
To depreciation on freehold property		9,750			
To depreciation on furniture		4,500			
To debenture interest paid(half year) (+) o/s debenture	5250 5250	 10,500			
To net profit		1,13,975			
		4,11,850			4,11,850

Profit and Loss Appropriation A/c

Dr **Cr**

Particulars	Rs	Particulars	Rs
To final dividend	20,250	By balance b/d	1,13,975
To preference share dividend	9,000	By balance	58,500
To equity dividend	22,500		
To proposed preference dividend	9,000		
To balance c/d	1,11,725		
	1,72,475		1,72,475

Balance Sheet

Liabilities	Rs	Rs	Assets	Rs	Rs
Share capital: 3000 Preference share @ Rs.100 each 3000 equity share of Rs.75 each		 3,00,000 2,25,000	Goodwill		1,00,000
Reserve & surplus: General reserve P&L a/c		 82725 1,11,725	Freehold property (-) Depreciation	3,90,000 9,750	 3,80,250
Secured Loan 5% Debenture o/s Debenture		 210000 5250	Furniture (-) Depreciation	75,000 4,500	70,500
Current liabilities &			Debtors	1,67,500	

provisions: Creditors Provision for taxation Proposed preference dividend Proposed equity dividend		 1,25,520 8,800 9,000 22,500	(-)New provision	8,375	1,59,125
			Bills receivables (-) Discount	6,000 2,500	 3,500
			Bank balance (+) discount	97,500 2,500	 1,00,000
			Cash in hand		12,145
			Investment		60,000
			Closing stock		2,15,000
		11,00,520			**11,00,520**

20 2

2 **A Ltd., issued 2,000, 10% debentures of Rs 100 each on January 01, 2014 at a discount of 10% redeemable at a premium of 10%.Give journal entries relating to the issue of debentures and debenture interest for the period ending December 31, 2014 assuming that interest was paid half yearly on June 30 and December 31 and tax deducted at source is 10%. A Ltd. follows calendar year as its accounting year.**

Solution: 20

Book of A Ltd.
Journal

Date	Particulars		Debit Amount Rs	Credit Amount Rs
2014 Jan.01	Bank A/c To 10% Debenture Application & Allotment A/c (Application money received on 2,000,10% debentures)	Dr.	1,80,000	 1,80,000
Jan. 01	10% Debentures Application &Allotment A/c Loss on Issue of Debenture A/c To 10% Debentures A/c To Premium on Redemption of Debentures A/c (Allotment of debentures at a discount of 10% and redeemable at a premium of 10%)	Dr. Dr.	1,80,000 40,000	 2,00,000 20,000
Jun.30	Debenture Interest A/c To Debenture holders A/c To Income Tax Payable A/c (Interest due for 6 months and tax deducted at source)	Dr.	10,000	 9,000 1,000
Jun.30	Debentures holders A/c To Bank A/c (Payment of interest)	Dr.	9,000	 9,000
Dec.31	Debenture interest A/c To Debenture holders A/c To Income Tax Payable A/c (Interest due for 6 months and tax deducted at source)	Dr.	10,000	 9,000 1,000
Dec.31	Debentures holders A/c To Bank A/c (Payment of interest)	Dr.	9,000	 9,000
Dec.31	Income Tax Payable A/c To Bank A/c (Paid tax deducted at source to the government	Dr.	2,000	 2,000
Dec.31	Statement of profit and loss To Debenture Interest A/c (Debenture interest transferred to profit and loss account)	Dr.	20,000	 20,000

UNIT III – Analysis of Financial Statements

1 **Mahesh sales goods on cash and credit term and also purchase goods on cash & credit term. The following are the things obtained from his books of account.**

Particulars	Amount (Rs)
Total sales	5,00,000
Cash sales	40,000
Sales return	20,000
Debtors	80,000
Bills receivables	20,000
Reserve for doubtful debt	1,000
Total purchase	3,00,000
Cash purchase	50,000
Purchase return	10,000
Creditors	60,000
Bills payable	20,000
Reserve for discount on creditors	2,000
Opening stock	50,000
Closing stock	40,000
Gross profit	1,00,000
Fixed asset	10,00,000

20 3

Calculate Turnover ratio

Solution:

(i) Stock turnover ratio = $\frac{\text{cost of goods sold}}{\text{Average stock}}$

Cost of goods sold = Sales – Gross profit
= 4,80,000 – 1,00,000
= 3,80,000

Average stock = $\frac{\text{Opening stock + closing stock}}{2}$

= $\frac{50,000 + 40,000}{2}$ 3

= $\frac{90,000}{2}$

= 45,000

Stock turnover ratio = $\frac{3,80,000}{45,000}$

= 8.4 times

(ii) Debtors turnover ratio = $\frac{\text{Credit sales}}{\text{Average stock receivables}}$

Credit sales = Total sales – (Sales return + Cash sales)
= 5,00,000 – (20,000 + 40,000)
= 5,00,000 – 60,000
= 4,40,000 3

Average Accounts receivables = Debtors + Bills receivable
= 80,000 + 20,000
= 1,00,000

Debtor Turnover ratio = $\frac{4,40,000}{1,00,000}$

= 4.4 times

(iii) Creditors Turnover ratio = $\frac{\text{Credit purchase}}{\text{Average accounts payable}}$

Credit purchase = 3,00,000 – (50,000 + 10,000)
= 3,00,000 – 60,000
= 2,40,000

Average accounts payable = Creditors + bills payable 3
= 60,000 + 20,000
= 80,000

Creditors turnover ratio = $\frac{2,40,000}{80,000}$

= 3 times

(iv) Debtors Collection period = $\frac{\text{Days/month in a year}}{\text{Debtor turnover ratio}}$

$= \frac{12}{4.4}$ 2

$= 2.73$ months

(v) Debt payment period = $\frac{\text{Days/month in a year}}{\text{Creditor turnover ratio}}$ 2

$= \frac{12}{3}$

$= 4$ months

(vi) Working capital turnover ratio = $\frac{\text{Net sales}}{\text{Working capital}}$

$= \frac{4,80,000}{1,40,000 - 80,000}$ 3

$= \frac{4,80,000}{60,000}$

$= 8$ times

(vii) Fixed asset turnover ratio = $\frac{\text{Net sales}}{\text{Fixed assets}}$

$= \frac{4,80,000}{10,00,000}$ 2

$= 0.48$ times

(viii) Total asset turnover ratio = $\frac{\text{Net sales}}{\text{Total assets}}$

$= \frac{4,80,000}{11,40,000}$ 2

$= 0.42$ times

2 **From the following balance sheet of Ponni Ltd make out the statement of cash flow**

Liabilities	1989	1990	Assets	1989	1990
Equity share capital	**3,00,000**	**4,00,000**	**Goodwill**	**1,15,000**	**90,000**
8% Redeemable preference share capital	**1,50,000**	**1,00,000**	**Land & building**	**2,00,000**	**1,70,000**
General reserve	**40,000**	**70,000**	**Plant**	**80,000**	**2,00,000**
P&L a/c	**30,000**	**48,000**	**Debtors**	**1,60,000**	**2,00,000**
Proposed dividend	**42,000**	**50,000**	**Bills receivables**	**20,000**	**30,000**
Creditors	**55,000**	**83,000**	**Cash in hand**	**15,0000**	**10,000**
Bills payable	**20,000**	**16,000**	**Cash at bank**	**10,000**	**8,000**
Provision for tax	**40,000**	**50,000**	**Stock**	**77,000**	**1,09,000**
	6,77,000	**8,17,000**		**6,77,000**	**8,17,000**

20 3

Additional information:
Depreciation of Rs.10,000 & 20,000 have been charged on Plant A/c & Land & Building A/c respectively in 1990.
An interim dividend of Rs.20,000 has been paid in 1990
Income tax Rs.35,000 was paid during the year 1990
Solution: Provision for taxation

Particulars	Rs	Particulars	Rs
To tax paid	35,000	By balance b/d	40,000
To balance c/d	50,000	By adjusted P&L	45,000
	85,000		85,000

8

Plant A/c

Particulars	Rs	Particulars	Rs
To balance b/d	80,000	By depreciation	10,000
To purchase	1,30,000	By balance c/d	2,00,000
	2,10,000		2,10,000

Land & Building

Particulars	Rs	Particulars	Rs
To balance b/d	2,00,000	By depreciation	20,000
		By sales	10,000
		By balance c/d	1,70,000
	2,00,000		2,00,000

Proposed Dividend

Particulars	Rs	Particulars	Rs
To dividend	42,000	By balance b/d	42,000
To balance c/d	50,000	By adjusted P&L a/c	50,000
	92,000		92,000

Adjusted P&L A/c

Particulars	Rs	Particulars	Rs
To depreciation on plant	10,000	By balance b/d	30,000
To depreciation on Land & Building	20,000	By fund from operation	2,18,000
To provision for tax	45,000		
To proposed dividend	50,000		
To goodwill	25,000		
To general reserve	30,000		
To interim dividend	20,000		
To balance c/d	48,000		
	2,48,000		2,48,000

3

Statement of cash from operation 4

Particulars	Rs	Rs
Fund from operation		2,18,000
Add: Increase in Current Liabilities Creditors (83,000-55,000) Decrease in current assets	 28,000 - 	 28,000
Less: Decrease in Current liabilities Bills payable Increase in Current Assets Debtors Bills receivable Stock	 4,000 40,000 10,000 32,000	 86,000
		1,60,000

5

Cash flow operation for the year 1990		
Particulars	**Rs**	**Rs**
Opening balance: Cash Bank	 15,000 10,000	 25,000
Add: Source of cash Cash from operation Issue of share Sale of land	 1,60,000 1,00,000 10,000	 2,70,000
Total available purchase		**2,95,000**
Less: Application of cash Plant purchase Proposed dividend Tax paid Redemption Interim dividend	 1,30,000 42,000 35,000 50,000 20,000	 2,77,000
Closing balance: Cash Bank	 10,000 8,000	 **18,000**

UNIT IV – Cost Accounting

1 **Explain the importance and components of cost sheet** 20

Cost sheet is a statement, which shows various components of total cost of a product. It classifies and analyses the components of cost of a product. Previous periods data is given in the cost sheet for comparative study. It is a statement which shows per unit cost in addition to Total Cost. Selling price is ascertained with the help of cost sheet. The details of total cost presented in the form of a statement is termed as Cost sheet. Cost sheet is prepared on the basis of : 4

1. Historical Cost
2. Estimated Cost

Historical Cost 4

Historical Cost sheet is prepared on the basis of actual cost incurred. A statement of cost prepared after incurring the actual cost is called Historical Cost Sheet

Estimated Cost 4

Estimated cost sheet is prepared on the basis of estimated cost. The statement prepared before the commencement of production is called estimated cost sheet. Such cost sheet is useful in quoting the tender price of a job or a contract.

Importance of Cost Sheet 4

The importance of cost sheet is as follows:
Cost ascertainment
Fixation of selling price
Help in cost control
Facilitates managerial decisions

Components of Total Cost: 4

Prime Cost
Factory Cost

2 **The following information is given to you from which you are required to prepare cost sheet for the period ended on 31st march 2006.** 20

	Rs.
Consumable material:	
Opening stock	**20,000**
Purchases	**1,22,000**
Closing stock	**10,000**
Direct wages	**36,000**

Direct expenses	**24,000**
Factory overheads	**50% of direct wages**
Office and administration overheads	**20% of works cost**
Selling and distribution expenses	**Rs.3 per unit sold**
Units of finished goods	
In hand at the beginning of the period(value Rs.12500)	**500**
Units produced during the period	**12,000**
In hand at the end of the period	**1,500**

Find out the selling price per unit if 20% profit on selling price. There is no work in progress either at the beginning or at the end of the period

Solution 20

Cost sheet for the period ended on 31st March 2006 (output 12000 units)

Particulars	**Total cost**	**Cost per unit**
Material consumed: Opening stock 20,000 Add: purchases 1,22,000 1,42,000 Less: closing stock 10,000 Cost of raw material consumed 1,32,000	1,32,000	11.00
Direct wages	36,000	3.00
Direct expenses	24,000	2.00
Prime cost	1,92000	16.00
Factory overheads		
50% of direct wages(12000X1.50)	18,000	1.50
Works/factory overheads	2,10000	17.50
Office overheads		
20% of works cost	42,000	3.50
Total cost of production	2,52,000	21.00
Add :opening stock of finished goods(500 units @25)	12,500	
Cost of goods available for sale (12000+500)	2,64,500	
Less : closing stock of finished goods @ 21 per unit(1500 units)	31,500	
Cost of goods sold (12,500-1,500=11000 units)	2,33,000	21.18
Add: selling and distribution overheads @per unit	3,30,001	3.00
	2,66,000	24.18
Add : profit 20% on selling price i.e 25% of cost of sales	66,500	6.04
	3,32,500	**30.22**

UNIT V – Marginal Costing

1 **The sales turnover and profit during two period as follows** 20

Period	**Sales (Rs)**	**Profit (Rs)**
I	**1,00,000**	**15,000**
II	**1,20,000**	**23,000**

You are required to calculate:

P/V ratio

Fixed cost

Break even points

Profit when sales are Rs. 1,25,000

Sales required to a profit of Rs. 20,000

Solution: 3

P/V ratio = Change in profit/Change in sales x100
= 8,000/20,000 x 100
= 40%

Fixed cost : 4

Statement of marginal cost

Sales = 1,00,000

(-) variable cost = 60,000

Contribution = 40,000

(-) Fixed cost = 25,000
Profit = 15,000

3

P/V ratio = contribution/sales x100
Contribution = P/V ratio x sales / 100
= 40 x 1,00,000 / 100
= 40,000

Break even point = Fixed cost / P/V ratio 3
= 25,000/40x100
= 62,500

Desired profit = (Sales x P/V ratio)- Fixed cost 4
= (1,25,000 x 40/100) – 25,000
= Rs.25,000

Sales = Fixed cost + profit / P/V 3
= 25,000 + 20,000/40 x 100
= Rs.1,12,500

2 **A Nokia company limited a newly start up company wishes to prepare a cash budget.** 20
Budget from 1st six months

Month	**Total sales**	**Materials**	**Wages**	**Production expenses**	**Selling expenses**
Jan	**20,000**	**25,000**	**4,000**	**3,200**	**800**
Feb	**24,000**	**14,000**	**4,000**	**3,300**	**900**
March	**28,000**	**14,000**	**4,400**	**3,400**	**900**
April	**36,000**	**22,000**	**4,400**	**3,500**	**1,000**
May	**30,000**	**20,000**	**4,400**	**3,200**	**900**
June	**45,000**	**25,000**	**4,500**	**3,600**	**1,200**

Cash balance on 1st Jan was Rs.10,000. New machinery is to be installed at Rs.20,000 on credit to be repaid by two equal installments in March and April.
Sales commission at 5% on total sales is to be paid with in a month following actual sales Rs.10,000 being the amount of second call may be received in march. Share premium amounting to Rs.2000 is also obtainable with the second call.
Period allow to supplier = 2 months
Period allow to customer = 1 month
Delay in payments of overhead = 1 month
Delay in payment of wages =1/2 month
Assume cash sale to be 50% of total sales.
Solution: 20

Particulars	Jan	Feb	March	April	May	June
Receipts Balance b/d	10,000	18,000	31,000	24,400	22,300	30,600
Cash sale	10,000	12,000	14,000	18,000	15,000	22,500
Credit sale/debtors	-	10,000	12,000	14,000	18,000	15,000
2nd call money received	-	-	10,000	-	-	-
Share premium	-	-	2,000	-	-	-
Total A	20,000	40,000	69,000	56,400	55,300	68,100
Less payments	-	-	25,000	14,000	14,000	22,000
Supplier wages	2,000	4,000	4,200	4,400	4,400	4,450
Production expenses	-	3,200	3,300	3,400	3,500	3,200
Selling expenses	-	800	900	900	1,000	900
Machinery purchased	-	-	10,000	10,000	-	-
Sales commission	-	1,000	1,200	1,400	1,800	1,500
Total B	2,000	9,000	44,600	34,100	24,700	32,050
A-B	18,000	31,000	24,400	22,300	30,600	36,050