

# CBCS Scheme

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16/17MBA13

**First Semester MBA Degree Examination, June/July 2018**

## **Accounting for Managers**

Time: 3 hrs.

Max. Marks:80

**Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.**

**2. Question No. 3 is compulsory.**

- 1 a. Define the term accounting. (02 Marks)
- b. Explain the accounting cycle in brief. (06 Marks)
- c. From the following transactions show the effects on Assets, liabilities and capital based on Accounting equations:
- (i) Commenced business with a capital of ₹ 2,80,000.
  - (ii) Purchased goods on credit ₹ 80,000.
  - (iii) Purchased goods for cash ₹ 50,000.
  - (iv) Paid salary ₹ 60,000.
  - (v) Sold goods to Ramesh ₹ 70,000.
  - (vi) Sold goods for cash ₹ 50,000.
  - (vii) Bought furniture for ₹ 35,000.
  - (viii) Loan taken from Bank ₹ 1,00,000. (08 Marks)
- 2 a. What is Contra entry? (02 Marks)
- b. ABC Limited purchased a machine on 1-1-2014 for ₹ 3,75,000 and spent ₹ 25,000 for installation. On 1-4-2017, machinery was sold for ₹ 2,20,000. Depreciation is provided at 10% per annum on original cost method (straight line method). Accounts are closed on 31<sup>st</sup> December every year. Prepare machinery A/C. (06 Marks)
- c. Journalize the following transactions in the books of Mr. Nandu for the month of Dec.2017.
- (i) 1-12-2017 commenced business with cash ₹ 3,50,000
  - (ii) 3-12-2017 purchased goods for cash ₹ 80,000.
  - (iii) 4-12-2017 purchased furniture for business ₹ 1,00,000.
  - (iv) 10-12-2017 Sold goods to Ms. Chandrika ₹ 70,000.
  - (v) 14-12-2017 sold goods to Ms Aruna for cash ₹ 1,20,000.
  - (vi) 19-12-2017 Cash withdraw for personal use ₹ 10,000
  - (vii) 22-12-2017 Withdraw from Bank for office use ₹ 25,000
  - (viii) 31-12-2017 Salary paid ₹ 80,000, rent paid ₹ 24,000. (08 Marks)
- 3 a. What do you mean by Financial statement? (02 Marks)
- b. Prepare a Trading A/C from the following information for the year ended 31<sup>st</sup> December 2017:
- Stock on 1-1-2017 – 40,000  
Purchase – 1,30,000  
Returns outwards – 10,000  
Sales – 2,50,000  
Returns inwards – 20,000  
Carriage inwards – 12,000  
Clearing charges – 8,000  
Stock on 31-12-17 – 30,000 (06 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.  
2. Any revealing of identification, appeal to evaluator and/or equations written eg. 42+8 = 50, will be treated as malpractice.



- c. From the following transactions write up three column cash of Abhishek:

1-12-2017	Cash in hand ₹ 40,000 cash at Bank 10,000
2-12-2017	Cash deposited into Bank ₹ 16,000
5-12-2017	Cash sales 30,000
12-12-2017	Paid to Suma 2,050 and allowed a discount of ₹ 50.
20-12-2017	Drew from bank for office use ₹ 3,000
24-12-2017	Bought machinery and payment made by cheque of ₹ 6,000
26-12-2017	Received commission by cheque ₹ 300
28-12-2017	Purchase from Savitha, payment made by cheque ₹ 3,500
29-12-2017	Paid Harish 3,800 for full settlement his account of ₹ 4,000
31-12-2017	Received ₹ 2,900 in full settlement of ₹ 3,000 from Anand.

(08 Marks)

- 4 a. What is Solvency Ratio? (02 Marks)

- b. 'X' Ltd sells goods on cash and credit. The following information is extracted from its books. You are required to calculate the average collection period.

Total Sales – 22,50,000

Cash Sales – 2,50,000

Sales return – 7,000

Total Debtors for sales as on 31<sup>st</sup> March 2017 → 1,50,000

Bills receivable as on 31<sup>st</sup> March 2017 → 2,00,000

(06 Marks)

- c. From the following information calculate:

(i) Capital turnover ratio (ii) Fixed assets turnover ratio

(iii) Working capital turnover ratio (iv) Total Assets TR.

Sales → 5,25,000 Total assets → 2,62,500 Working capital → 75,000

Capital Employed → 1,75,000, Fixed Assets → 1,05,000

(08 Marks)

- 5 a. What is accounting standard? (02 Marks)

- b. Calculate-cash flow from operating activities:

Particulars	Amount	
	31-3-16	31-3-17
Profit and Loss A/C	1,20,000	1,30,000
General Reserve	3,44,000	4,14,000
Bills receivables	80,000	1,62,000
Outstanding wages	52,000	16,000
Prepaid salary	16,000	20,000
Goodwill	1,40,000	1,20,000
Debtors	1,70,000	96,000

(06 Marks)

- c. From the following information prepare a Balance sheet as on 31<sup>st</sup> March 2017.

(i) Fixed assets ₹ 5,40,000

(ii) Reserves and Surplus ₹ 1,20,000

(iii) Bank overdraft ₹ 30,000

(iv) Working capital ₹ 1,80,000

(v) Current ratio = 2.5

(vi) Liquid ratio = 1.5

(vii) Proprietary ratio = 0.75 (Fixed assets to proprietary fund)

(08 Marks)



- 6 a. Give any four tools and techniques of financial statement analysis. (02 Marks)  
 b. Briefly explain the methods of Human Resource Accounting. (06 Marks)  
 c. Prepare statement of Trading and Profit / Loss for the year ended 31<sup>st</sup> March 2017:

Capital – 1,00,000	Drawings – 10,000
Creditors – 12,000	Purchase – 1,05,000
Sales – 1,64,000	Return I/W – 3,000
Return O/W – 5,000	Wages – 50,000
B/P – 5,000	Bank – 10,000
P & M – 40,000	Repairs – 500
Drs – 24,000	Stock – 20,000
Rent – 4,000	Bad debts – 2,000
Mfy Expenses – 8,000	Carriage – 1,500
Trade Expenses – 7,000	Fuel charges – 1,000

Adjustments:

- (i) Stock as on 31<sup>st</sup> March 2017 ₹ 14,500  
 (ii) Depreciate P and M by ₹ 4,000  
 (iii) Allow interest on capital at 5%  
 (iv) Outstanding repairs charges ₹ 400.

(08 Marks)

- 7 a. Who is an assessee?  
 b. Briefly explain the heads of income.  
 c. Write a note on deductions under section 80 C.

(02 Marks)

(06 Marks)

(08 Marks)

- 8 From the following Trial Balance, prepare Trading and P & L A/C and Balance sheet as on 31<sup>st</sup> March 2017.

Sl.No.	Particulars	Dr	Cr
1	Capital	-	3,00,000
2	Drawings	50,000	-
3	Purchases	4,00,000	-
4	Carriage outwards	5,000	-
5	Return outwards	-	10,000
6	Sundry Exp.	8,000	-
7	Bad debts	3,000	-
8	Postage	2,000	-
9	Wages	10,000	-
10	Discount	5,000	-

	Particulars	Dr	Cr
11	Sales	-	6,00,000
12	B/R	-	30,000
13	L & B	1,80,000	-
14	P & M	75,000	-
15	Sundry Crs	-	85,000
16	Sundry Drs	1,05,000	-
17	Salary	15,000	-
18	Investments	30,000	-
19	Opening stock	1,32,000	-
20	Cash	5,000	-
	Total	10,25,000	10,25,000

Adjustments:

- (i) Prepaid wages ₹ 500.  
 (ii) Outstanding salary ₹ 4000.  
 (iii) Depreciation on machinery at 6%  
 (iv) Provision for bad debts at 5%  
 (v) Interest on investments ₹ 900.  
 (vi) Closing stock ₹ 1,03,000.

(16 Marks)

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