

# CBCS Scheme

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16/17MBA13

First Semester MBA Degree Examination, Dec.2017/Jan.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. 8 is compulsory.**

- 1 a. What do you mean by accounting cycle? (02 Marks)  
b. Explain any six users of accounting information. (06 Marks)  
c. Journalize the following transactions in the books of Ramesh.  
i) Ramesh started business with cash Rs.50,000 and stock of Rs.60,000.  
ii) Purchased goods from Mr. Sun for cash of Rs.20,000.  
iii) Sold goods to Mr. A on credit for Rs.20,000.  
iv) Received Rs. 19,500 from Mr. A in full settlement of his account.  
v) Paid salaries, wages, electricity bill of Rs.500, Rs.1500 and Rs.2000 respectively.  
vi) Paid life insurance premium of Rs.2,000.  
vii) Charge depreciation on furniture @ 10% (furniture cost Rs.20,000)  
viii) Received interest of Rs.500. (08 Marks)
- 2 a. How do companies window dress their financial statements? (02 Marks)  
b. List out the limitations of ratio analysis. (06 Marks)  
c. What do you mean by IFRS? Explain in brief any four accounting standards. (08 Marks)
- 3 a. Differentiate between trade discount and cash discount. (02 Marks)  
b. Show the accounting equation on the basis of the following transactions.  
i) Commenced business with cash of Rs.80,000.  
ii) Purchased goods on credit for Rs.20,000.  
iii) Purchased furniture on cash for Rs.20,000.  
iv) Depreciation on furniture Rs.500.  
v) Paid salaries of Rs.200.  
vi) Sold goods on credit for Rs.5,000. (06 Marks)  
c. From the following transactions, prepare a three column cash book.  
i) Commenced business with Rs.30,000 in cash.  
ii) Paid into bank Rs.5,000.  
iii) Bought goods for Rs.2000 and paid by cheque.  
iv) Purchased stationery for Rs.500.  
v) Received cash from Mr. Sahil Rs.980 and allowed him a discount of Rs.20.  
vi) Paid Chandra by cheque Rs.200.  
vii) Drew cheque for personal use Rs.100.  
viii) Paid Santosh his dues by a cheque of Rs.340 and received a discount of Rs.10. (08 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.



- 4 a. What are the causes of depreciation? (02 Marks)  
 b. Following is the trail balance as on 31<sup>st</sup> March 2017 prepared by an incompetent accountant. You are required to rewrite in its correct form:

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	24,000	-
Stock on 1 <sup>st</sup> April 2016	8,500	-
Furniture	2,600	-
Purchases	-	8,950
Cash at Bank	7,300	-
Carriage inward	300	-
Sales	-	22,500
Building	12,000	-
Returns inwards	-	1,900
Trade expenses	1,000	-
Return outwards	350	-
Discount received	970	-
Office rent	-	2,270
Salary	3,000	-
	60,020	35,620

- c. Explain in brief any four accounting concepts and any two accounting conventions. (06 Marks)  
 (08 Marks)
- 5 a. What is the difference between journal and ledger? (02 Marks)  
 b. Briefly explain different methods of Human Resource Accounting. (06 Marks)  
 c. Describe and explain the different forms of salary under the head Income from salary. (08 Marks)
- 6 a. What is meant by net profit ratio? (02 Marks)  
 b. A manufacturing concern, whose books are closed on 31<sup>st</sup> December every year, purchased machinery for Rs.40,000 on 1/1/2013. An additional machinery was purchased for Rs.20,000 on 1/7/2014, and for Rs.10,000 on 1/4/2015. Prepare a machinery account for the three years on WDV method on the assumption that depreciation at 10%. (06 Marks)  
 c. Following are the balance sheets of X Ltd as on 31<sup>st</sup> Dec.

Liabilities	2015	2016	Assets	2015	2016
Share capital	70,000	74,000	Cash at bank	9,000	7,800
Bonds	12,000	6,000	Receivables	14,900	17,700
Accounts payable	10,360	11,840	Inventories	49,200	42,700
P.D.D	700	800	Land	20,000	30,000
Profit & Loss account	10,040	10,560	Goodwill	10,000	5,000
	1,03,100	1,03,200		1,03,100	1,03,200

Following additional information has also been supplied to you.

- i) Dividends amounting to Rs.3,500 were paid during the year.  
 ii) Bonds of Rs.6,000 were paid during the year.

You are required to prepare a cash flow statement (indirect method).

(08 Marks)



- 7 a. What do you mean by direct expenses? Mention some of its examples. (02 Marks)  
 b. From the following income statements, calculate: i) Current ratio ii) Acid-Test-Ratio  
 iii) Debtor Turnover ratio iv) Average collection period v) Stock turnover ratio. (Assume 360 days in a year)

Particulars	Amount
Net sales	10,00,000
Less: Cost of goods sold or cost of sales	7,00,000
Gross profit	3,00,000
Less: Operating expenses	2,00,000
Net profit	1,00,000
Cash in hand	5,000
Cash at bank	4,000
Debtors	40,000
Closing stock	15,000
Fixed assets	56,000
Creditors	36,000
Bills payable	2,000
Short-term loan	10,000
Equity share capital	60,000
Reserves & surplus	12,000

- c. On 1<sup>st</sup> July 2013, Shri Prasad purchased a plant for Rs.40,000 and spent Rs.8,000 on installing charges. On 1<sup>st</sup> January 2014, he purchased a new plant worth Rs.30,000. On 30<sup>th</sup> June 2015, a plant which was purchased on 1<sup>st</sup> January 2014 was sold for Rs.24,000 and on 1<sup>st</sup> July 2015, a new plant was purchased at a cost Rs.32,000. Shri Prasad writes off 10% depreciation on the original cost. The accounts are closed every year on 31<sup>st</sup> March. Show the plant account up to the year ended 31<sup>st</sup> March 2016. On the assumption that Shri Prasad follows straight line depreciation method. (06 Marks)

- 8 From the following, prepare trading and profit and loss account along with balance sheet for the year ended 31<sup>st</sup> March 2017 of Moon Ltd. (08 Marks)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Capital	84,000	Sales	3,50,000
Bad debts reserve	7,000	Return outwards	10,000
Discount received	2,000	Bills payable	24,000
Discount on debtors (provision)	3,000	Sundry creditors	1,20,000
Purchases	2,00,000	Postage and stationary	2,800
Freight	10,000	Discount on creditors (reserve)	2,400
Carriage inward	8,000	Wages	8,600
Sundry expenses	1,200	Return inwards	8,000
Sundry debtors	1,20,000	Cash at bank	8,000
Bad debts	4,000	Cash in hand	2,000
Salaries	20,000	Stock on 1/04/2016	80,000
Discount allowed	2,400	Building	1,20,000
Rent	2,600		

- Adjustments: (i) Closing stock was Rs.1,20,000; (ii) Wages and salaries outstanding Rs.200 and Rs.200 respectively; (iii) Rent prepaid Rs.200; (iv) Provide 3% reserve for doubtful debts; (v) Depreciation on building @ 10% p.a. ; (vi) Interest on capital @ 4% p.a. (16 Marks)